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Report of the Comptroller

VIRGINIA

A Comprehensive Annual Financial Report for the Year
Ended June 30, 1990

Report of the Comptroller to the Governor of Virginia— A Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1990

Lawrence Douglas Wilder
Governor

Paul W. Timmreck
Secretary of Finance

Edward J. Mazur
Comptroller

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Accomplishments and Initiatives

COMMONWEALTH of VIRGINIA

Office of the Comptroller

EDWARD J. MAZUR, C.P.A.
COMPTROLLER

P.O. BOX 6-N
RICHMOND, VIRGINIA 23215

December 15, 1990

The Honorable Lawrence Douglas Wilder
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor Wilder:

I am pleased to submit to you my report on the financial condition of the Commonwealth of Virginia for the fiscal year ended June 30, 1990, in compliance with the provisions of Section 2.1-207 of the *Code of Virginia*.

This comprehensive annual financial report has been prepared in conformance with generally accepted accounting principles, as established by the Governmental Accounting Standards Board (GASB), and has earned an unqualified audit opinion. This report has been prepared by the Department of Accounts, whose management is responsible for the accuracy, integrity, and objectivity of the financial statements and other information presented. The data presented is accurate in all material respects, and all disclosures necessary to enable the reader to obtain a thorough understanding of the Commonwealth's financial activities have been included.

The report is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes this transmittal letter with an accompanying financial highlights section, as well as special reports on Virginia's 1990–1992 budget, Virginia's economy, and services available to youth and families. The financial section includes the audit opinion of the Auditor of Public Accounts, the general purpose financial statements, and the combining and individual fund and account group statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

General Fund Condition — Budgetary Basis

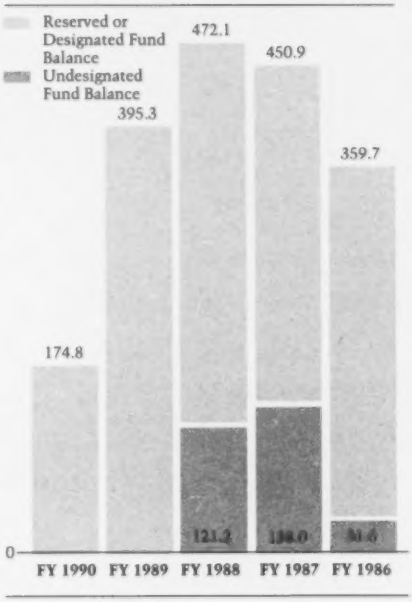
The General Fund is an important point of focus in determining the overall financial condition of the Commonwealth. For budgetary purposes, the Commonwealth uses the cash basis of accounting under which revenues and expenditures are recorded at the time cash is actually received or disbursed in accordance with provisions of the Appropriations Act. This report includes statements and schedules, in the section entitled "General Purpose Financial Statements," that present the financial activity of the General Fund of the Commonwealth on a budgetary basis.

Fiscal year 1990 General Fund revenues fell short of estimates by $150.9 million. As a result, the General Fund had to borrow $25 million from various non-general funds to provide temporary working capital. Notwithstanding these circumstances, the Commonwealth met all of its obligations for the fiscal year, and all bills were being paid on a current basis as of June 30, 1990.

Figure 1 illustrates the fund balances of the General Fund on a budgetary basis at the end of each fiscal year since June 30, 1986, and highlights the undesignated portion. The fiscal year 1990 final General Fund balance did not provide for any unreserved, undesignated balance. Of the $174.8 million ending fund balance at June 30, 1990, $8.5 million is in required reserves with the remainder being designated for the completion of capital projects and mandatory operating reappropriations in the next fiscal year.

General Fund Balance — Budgetary Basis — Highlighting the Undesignated Fund Balance

(Dollars in Millions) *Figure 1*



General Fund Condition — Modified Accrual Basis

Although the Commonwealth budgets and manages its financial affairs on the cash basis of accounting, generally accepted accounting principles require that states prepare financial statements on the modified accrual basis of accounting. Under this basis, revenues are recognized when they become both measurable and available to finance operations of the fiscal year, or to liquidate liabilities existing at fiscal year end; and expenditures are recognized when a fund liability is incurred. Although these accruals are associated with the year ending June 30, 1990, the cash will not be received or disbursed until fiscal year 1991.

Accruals of revenues and expenditures required by the modified accrual basis of accounting resulted in a $314.4 million reduction of the budgetary basis fund balance. Contributing to this reduction was $281.9 million in deferred credits, representing estimated tax refunds associated with income taxes withheld for the period January through June, 1990, where such refunds may ultimately be disbursed after January 1, 1991. As illustrated in Figure 2, this $314.4 million adjustment reduced the balance of the General Fund from $174.8 million, as reported in the August 15, 1990, Preliminary Annual Report of the Comptroller, to a negative balance of $139.6 million. From an overview perspective, the modified accrual basis fund balance would have remained at a positive level had it not been for the revenue shortfall of $150.9 million.

Figure 2 indicates that the difference by which accrued expenditures exceeded accrued revenues between fiscal year 1989 and 1990 amounted to $265.3 million. This increase was principally caused by a change in the method of accounting for State Lottery profits in the preliminary annual report for the year ending June 30, 1990. Also contributing to the increase were two changes in the accounting for estimated liabilities, which resulted in a $64.3 million increase in accounts payable associated with the Medicaid program, and an increase of $10.6 million in corporate tax refunds payable. These factors accounted for 81% of the increase. The remaining variances are attributable to normal operations.

Analysis of General Fund Balance
Budgetary Basis versus Modified Accrual Basis

(Dollars in Millions) *Figure 2*

	FY 1990	FY 1989	Variance
Fund Balance, Budgetary Basis	$ 174.8	$ 395.3	$ (220.5)
Receivables and Accrued Revenues:			
Transfer of 4th Quarter ABC Profits to General Fund	1.5	4.7	(3.2)
Accounts Receivable	11.8	11.5	0.3
Sales Tax Receivable	122.2	122.7	(0.5)
Withheld Tax Receivable	126.8	131.6	(4.8)
Other Taxes Receivable	24.9	31.9	(7.0)
State Lottery Profits Transfer	—	140.5	(140.5)
Total Receivables	287.2	442.9	(155.7)
Payables and Accrued Expenditures:			
Tax Refunds Payable	45.6	56.0	10.4
Deferred Credit (Estimated Tax Refunds)	281.9	253.9	(28.0)
Accounts Payable	157.4	68.1	(89.3)
Sales Tax Due to Localities	87.1	74.4	(12.7)
ABC Profits Due to Localities	1.5	3.4	1.9
Other Payments Due to Localities	24.2	31.7	7.5
Due to Other Funds	3.9	4.5	0.6
Total Payables	601.6	492.0	(109.6)
Payables and Accrued Expenditures Over Receivables and Accrued Revenues	(314.4)	(49.1)	(265.3)
Fund Balance, Modified Accrual Basis	$ (139.6)	$ 346.2	$ (485.8)

Analysis of General Fund Revenue (Budgetary Basis)
For the Years Ended June 30, 1990, and 1989

(Dollars in Millions) *Figure 3*

	Actual			Budget	
Revenues	FY 1990	FY 1989	% FY 1990 Over (Under) FY 1989	FY 1990	% FY 1990 Actual Over (Under) Budget
Individual Income Tax	$ 3,082	$ 3,107	(0.8)	$ 3,238	(4.8)
Sales and Use Tax	1,358	1,293	5.0	1,356	0.2
Corporation Income Tax	310	350	(11.4)	331	(6.3)
Public Service Corporations Tax	102	107	(5.0)	102	—
Premiums of Insurance Companies Tax	179	190	(5.8)	173	3.5
Other Taxes	274	268	2.2	265	3.4
Total Taxes	5,305	5,315	(0.2)	5,465	(2.9)
Other Revenues	211	168	25.6	179	17.9
Transfers:					
ABC Profit	27	26	3.8	26	3.8
Appropriations Act	31	45	(31.1)	172	(82.0)
Subtotal	5,574	5,554	0.4	5,842	(4.6)
Other Transfers In	903	353	155.8	—	100.0
Total Revenue and Transfers	$ 6,477	$ 5,907	9.7	$ 5,842	10.9

Analysis of General Fund Revenues and Expenditures — Budgetary Basis

Figure 3 presents General Fund revenue on a budgetary basis for the year ended June 30, 1990, with comparisons to budgeted and prior year data. General Fund revenues derived from taxes for fiscal year 1990 remained relatively unchanged from the previous year due to current revenues lagging behind the estimates. Individual and corporate income taxes fell short of the official revenue estimates by 4.8% and 6.3%, respectively. Approximately two-thirds of the shortfall in individual and corporate taxes is attributable to technical forecasting errors in the cost of previously enacted federal and State tax legislation; the remaining one-third is attributable to a slowing economy. A reconciliation to the cash basis revenue collections is presented in Note 4 to the financial statements.

Figure 4 presents General Fund expenditures by function on a budgetary basis for the fiscal year ended June 30, 1990, and percentages of increases and decreases in relation to prior year expenditures. Ninety-five percent of the increase is in the areas of Administration of Justice, Education, Individual and Family Services and Transfers. In 1990, expenditures increased an average of 11.9% over the previous year.

Analysis of General Fund Expenditures By Function (Budgetary Basis)

(Dollars in Millions) *Figure 4*

Expenditures	FY 1990	FY 1989	% Increase (Decrease)	FY 1990 % of Total
General Government	$ 314	$ 307	2.3%	4.7%
Education	2,291	2,189	4.7	34.2
Transportation	10	12	(16.7)	0.1
Resources and Economic Development	220	198	11.1	3.3
Individual and Family Services	1,260	1,113	13.2	18.8
Administration of Justice	948	841	12.7	14.2
Capital Projects	55	44	25.0	0.8
Transfers	1,599	1,281	24.8	23.9
Total Expenditures	$ 6,697	$ 5,985	11.9	100.0

Proprietary Fund Operations

Section 58.1-4022(D) of the *Code of Virginia* requires that the State Lottery Department transfer to the General Fund the audited balances of the State Lottery Fund, after establishing a special reserve fund. The Auditor of Public Accounts certified $156.5 million for transfer to the General Fund for the year ended June 30, 1990. This amount is recorded as "Due From Other Funds" in the General Fund. Of this amount, only $68.3 million was available to fund scheduled capital projects or other needs in the next fiscal year. The remaining $88.2 million in fund balance was needed to cover operating activity of the current fiscal year.

Pension Trust Fund Operations

The operations of the Pension Trust Funds, administered by the Virginia Supplemental Retirement System, remained relatively stable in 1990. The pension benefit obligation, a standardized measure of the present value of pension benefits estimated to be payable in the future, was $4.3 billion at June 30, 1989, with 74.3% being funded.

Debt Administration

Virginia has traditionally received "triple A" bond ratings from both Moody's Investors Service and Standard & Poor's Corporation, reflecting its long-standing record of sound fiscal management, its diversified economic base, and low debt ratios. Despite the $150.9 million unanticipated shortfall in revenues for this fiscal

year, Virginia's "triple A" status was sustained, as reconfirmed by Standard & Poor's Corporation on August 15, 1990.

Outstanding debt which is backed by the full faith and credit of the Commonwealth totaled $501.4 million at June 30, 1990. Of this amount, $51.4 million was issued pursuant to Article X, Section 9(b) of the Constitution of Virginia. The debt service payments on these bonds are serviced from tax revenues. Principal and interest payments on this portion of the Commonwealth's long-term obligations were 0.2% of total General Fund expenditures in fiscal year 1990. No new Section 9(b) General Obligation Bonds were issued during fiscal year 1990.

The remaining debt backed by the full faith and credit of the Commonwealth is Section 9(c) Revenue Bonds of $450.0 million. These bonds are serviced from revenue-producing capital projects, primarily auxiliary enterprises of colleges and universities, and toll highways.

Section 9(d) Revenue Bonds, which are not backed by the full faith and credit of the Commonwealth, totaled $5.2 billion at June 30, 1990. This debt is issued from various sources as follows: $433.5 million in Virginia Port Authority (VPA), Virginia Public Building Authority (VPBA), and Innovative Technology Authority (ITA) bonds; $338.0 million of Transportation Revenue Bonds; $9.6 million of Norfolk-Virginia Beach Toll Revenue Bonds; $324.4 million of Higher Education Bonds; and $4.1 billion issued by Public Benefit Corporations. Of this debt, the General Fund, through direct appropriations, contributes debt service payments to the VPBA, the VPA, the ITA, and the Virginia College Building Authority (included in Higher Education Bonds). Principal and interest payments, when coupled with Section 9(b) general obligation payments mentioned above, were 1.0% of General Fund expenditures.

Investment Policy

The Commonwealth pools all of its available cash into a general account from which it makes investments in a variety of instruments, with over 90% being invested in U.S. Government and Agency Securities and high quality Money Market Securities. The average daily invested balance for the year ended June 30, 1990, was $1.1 billion. Maturities for these investments ranged from one day to four years. For fiscal year 1990, the average yield on investments was 8.7%, compared to a yield of 8.5% during fiscal year 1989. On an accrual basis, total interest earned from available balances was $95.2 million. The $3.2 million decrease in earnings, as compared to 1989, is primarily due to reduced investable balances. The investment program continued to perform well when compared with the 90-day U.S. Treasury bill rate of 8.0% and the Donoghue's Money Market Fund Index rate of 8.0%.

The Commonwealth's investment policy is to minimize credit and market risks while generating a competitive yield on its portfolio, and maintaining needed liquidity. Accordingly, investments are made in compliance with the *Code of Virginia*, with specific guidelines set by the Treasury Board. Furthermore, all deposits of the Commonwealth are either insured by federal deposit insurance or collateralized under the Virginia Security for Public Deposits Act. Over $11 billion, or 69% of investments held by the Commonwealth at June 30, 1990, are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

Risk Management

The Commonwealth maintains self-insurance programs for employee health insurance, tort liability, workers' compensation, and automobile liability. These programs are reported in the Internal Service Funds. For workers' compensation and general liability, the Commonwealth assumes the full risk of claims filed. For property damages, the risk assumed by the Commonwealth is limited to $250,000 per occurrence with an aggregate stop loss of $1,000,000. The risk assumed by the Commonwealth for errors and omissions and law enforcement liability is limited to $1,000,000 per occurrence.

Reporting Entity

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) describes the criteria for determining the organizations, functions, and activities which should be included in the financial statements of the Commonwealth. The criteria for inclusion are determined on the basis of accountability for fiscal matters, selection of governing authority, scope of public service, and the ability to significantly influence operations. The organizations outlined on page 48 of the Notes to the Financial Statements meet the oversight criteria established by the GASB Codification and have been included in the Commonwealth's financial statements.

Please note that Combining Statements for the General, Debt Service, and Capital Projects Funds, the General Long-Term Debt Account Group, and selected Higher Education statements have been eliminated from this year's report, as this information is available in the Combined Statements and Notes to the Financial Statements. These changes were made in an effort to streamline the reporting of financial data.

Internal Controls

Management within the Commonwealth is responsible for the establishment and maintenance of internal accounting controls designed to ensure that assets are safeguarded and that financial transactions are properly recorded and adequately documented. Such internal controls require estimates and judgments from management so that, in attaining reasonable assurance as to the adequacy of such controls, the cost of controls does not exceed the benefits obtained. The Commonwealth's internal accounting controls adequately safeguard its assets and provide reasonable assurance as to the proper recording of financial transactions.

The State also maintains certain budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the biennial budget approved by the General Assembly. The development and approval of the biennial budget is, in essence, the beginning of the financial transaction process. After approval of the budget by the General Assembly, budgetary control is maintained by a formal appropriation and allotment system. The budgeted amounts reflected in the accompanying financial statements represent summaries of departmental or agency budgets.

Independent Audit

In accordance with the provisions of Section 2.1-155 of the *Code of Virginia*, the Auditor of Public Accounts' opinion letter, covering his examination of the Commonwealth's financial statements for the year ended June 30, 1990, is included herein. The Auditor's examination was conducted in accordance with generally accepted auditing standards. Audit testing for compliance with the federal Single Audit Act of 1984 and related OMB Circular A-128 is not performed at the statewide level but at the agency level; accordingly, no report on such testing is included herein. Special acknowledgment is given to the many professional contributions made on behalf of this annual report by the staff of the Auditor of Public Accounts.

Special Reports

Included in the Introductory Section is a commentary on Virginia's 1990–1992 budget. The Department of Planning and Budget prepared that section based on the status of budgetary actions as of September, 1990.

An analysis of the Virginia economy that will assist readers in understanding the past economic performance of the Commonwealth and prospects for the future is also presented in the Introductory Section. The analysis, which was developed by the Center for Public Service of the University of Virginia, should contribute to an appreciation of the relative strength of Virginia's economy.

This year's Annual Report pictorial theme addresses the Decade of Youth and Families in Virginia. A special report on services available to youth and families in

Virginia is presented on pages 20 to 25 of the Introductory Section and was prepared with the assistance of the Department for Children and the Office of the Secretary of Health and Human Resources.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth of Virginia for its Comprehensive Annual Financial Report for the year ended June 30, 1989. This was the fourth consecutive year that the Commonwealth has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. I believe that this year's report continues to conform to the Certificate of Achievement Program's stringent requirements, and I am submitting it to GFOA to determine its eligibility for the certificate.

Acknowledgments

This report could not have been completed without the efforts of many individuals within the Department of Accounts, Department of the Treasury, Department of Planning and Budget, Department of Taxation, Office of Graphic Communications, and other State agencies. I would like to take this opportunity to express my heartfelt appreciation for their professionalism and dedication to this project.

This comprehensive annual financial report reflects my commitment to you, to the citizens of the Commonwealth, and to the financial community to maintain our financial statements in conformance with the highest standards of financial accountability.

Respectfully submitted,

Edward J. Mazur

Edward J. Mazur
Comptroller of the Commonwealth of Virginia

Our children are the

Commonwealth's most important

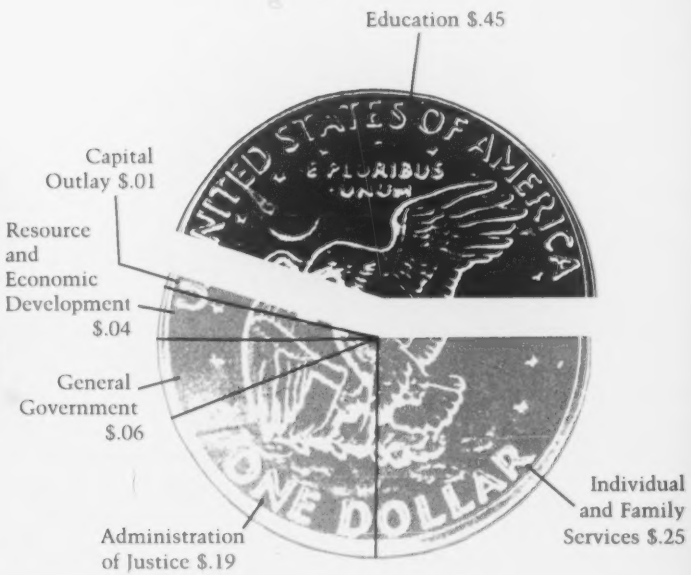
resource.

Financial Highlights

General Fund

Figure 5
Revenue Dollar
Fiscal Year 1990
(Budgetary Basis)

Figure 6
Expenditure Dollar
Fiscal Year 1990
(Budgetary Basis)



Revenues and Other Sources[1]	FY 1990	FY 1989
Individual Income Tax	$ .56	$ .57
Sales and Use Tax	.25	.24
Corporation Income Tax	.06	.06
Other Taxes	.10	.10
Other Revenues	.03	.03
Total	$ 1.00	$ 1.00

[1]Revenues exclude transfers.

Expenditures and Other Uses	FY 1990	FY 1989
Education	$ .45	$ .46
Individual and Family Services	.25	.24
Administration of Justice	.19	.18
General Government	.06	.07
Resources and Economic Development	.04	.04
Capital Outlay	.01	.01
Total	$ 1.00	$ 1.00

All Funds

Figure 7
Revenue Dollar
Fiscal Year 1990
(Budgetary Basis)

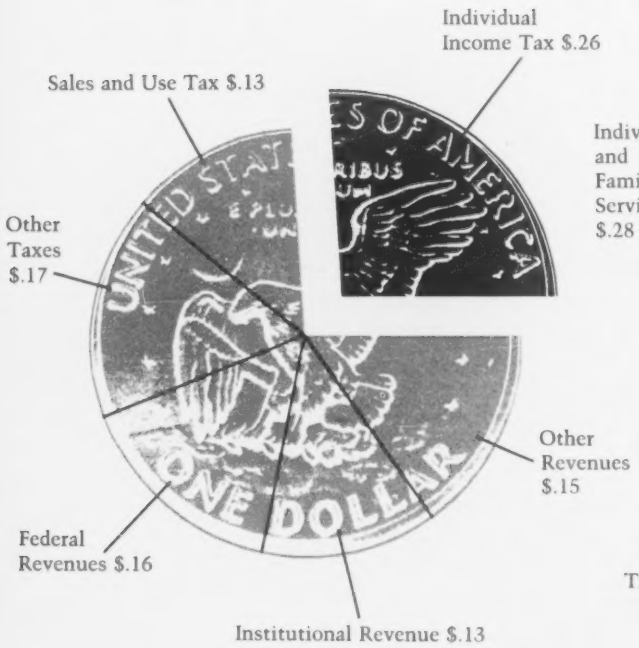
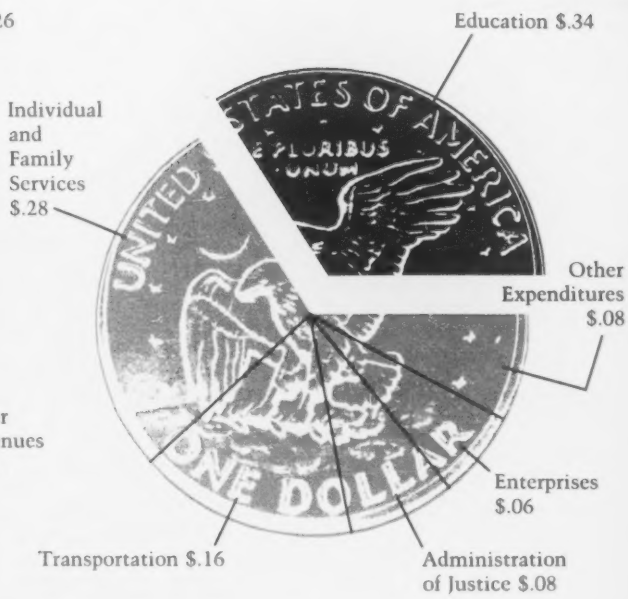


Figure 8
Expenditure Dollar
Fiscal Year 1990
(Budgetary Basis)



Revenues and Other Sources[1]	FY 1990	FY 1989
Individual Income Tax	$ .26	$ .27
Sales and Use Tax	.13	.13
Other Taxes	.17	.17
Federal Revenues	.16	.16
Institutional Revenue	.13	.13
Other Revenues	.15	.14
Total	$ 1.00	$ 1.00

[1]Revenues exclude transfers.

Expenditures and Other Uses	FY 1990	FY 1989
Education	$ .34	$ .34
Individual and Family Services	.28	.27
Transportation	.16	.16
Administration of Justice	.08	.08
Enterprises	.06	.06
Other Expenditures	.08	.09
Total	$ 1.00	$ 1.00

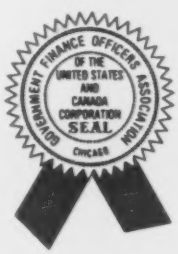
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1989

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) achieve the highest standards in government accounting and financial reporting.



Gary R. Hoistrem
President

Jeffrey L. Esser
Executive Director

For every $1 invested in prenatal care programs, more than $3 can be saved in post-delivery hospital expenses.

Commonwealth of Virginia — A Commentary on the 1990–1992 Budget

The 1990 Session of the General Assembly enacted a $26 billion budget for the 1990–92 biennium, an increase of 11.0 percent over the previous biennium. Management savings totaling $249.7 million are included in the enacted budget. These savings were included to offset a projected decline in 1990–92 General Fund revenues, which became evident in the fall of 1989 during budget development. State agencies must implement these savings in a plan submitted to the Governor.

Appropriation actions included $163.4 million for capital projects to be financed with bonded debt. Bonds for these projects will be issued pursuant to Article X, Section 9(c), of the Constitution of Virginia, and must be authorized by the General Assembly in subsequent sessions. The 1990 General Assembly also appropriated $606 million for capital projects, funding to be provided from current and future lottery profits. However, the lottery appropriation legislation provided that these appropriations were not to be available until released by the Governor.

At the Governor's request, the 1990 General Assembly set aside $200 million of estimated 1990–92 General Fund revenue as a reserve in the event of a further downturn in the economy, and for salary increases of State employees in the second year of the biennium.

During the spring of 1990, General Fund revenue collections did not materialize as anticipated. Accordingly, a number of actions were taken to offset the effects of what ultimately became a revenue shortfall of $150.9 million for 1989–90. These actions included setting aside unspent operating appropriations, use of General Fund reserves, and transfers from non-general funds.

A re-estimate of General Fund revenues for the remainder of the biennium, conducted in August 1990, disclosed a potential shortfall of $1.2 billion for the remainder of the 1990–92 biennium. When this figure was combined with anticipated balances that did not materialize for fiscal year 1990, the shortfall that needed to be addressed totaled $1.3 billion.

In mid-August, the Governor proposed a plan to address the shortfall and presented it to the Senate Finance and House Appropriations Committees in joint session. In developing his plan, the Governor was guided by the following principles:

- no general tax increases or deferrals of tax relief;
- protection for programs that provide direct aid to individuals and other essential public services;
- an emphasis on permanent reductions in agency budgets;
- protection for local governments by targeting reductions in local programs to the second year, wherever possible;
- adopting targeted as opposed to uniform reductions to ensure that programs of the highest priority were not adversely affected;
- providing maximum flexibility to agency officials to determine the nature of reductions; and
- maintaining the $200 million revenue reserve planned for the biennium.

A limited number of programs were exempted from these reductions, including student financial assistance in the institutions of higher education and several programs in the human resources area, such as the Aid to Dependent Children Program, foster care, the indigent care trust fund, and employment services. Other types of expenditures, such as principal and interest payments on State bonded indebtedness, are excluded by law from appropriation reductions.

Major components of the plan are summarized as follows: reductions of $981.6 million in agency General Fund appropriations, $286.8 million in aid to localities, and $126.1 million in compensation payments to State employees. The investment yield of the Virginia Retirement System's pension fund was re-estimated by the actuary at a higher percentage, resulting in a decrease in General Fund payments to the retirement system of $198.8 million. State lottery profits for 1989–90 in the amount of $88.2 million, out of the $156.5 million transferred to the General Fund, were applied to General Fund operations, instead of being applied to capital projects as originally planned. Further, the Governor has proposed deferring capital projects to be funded with future lottery profits so these profits can be used for essential government operations.

The Governor's actions will be submitted to the 1991 General Assembly for review and final action in the 1991 Appropriations Act.

The Virginia Economy 1990

The condition of Virginia's economy has a major bearing on the Commonwealth's financial health. This section of the report contains information developed by the Business and Economics Section of the Center for Public Service at the University of Virginia and provides the reader with a brief review of the Commonwealth's economic performance in relation to the nation's during recent years. The analysis and related graphs report information for the five years from 1985 to 1989 and, whenever possible, for early 1990.

In 1985, the nation's economy expanded for the third straight year following the 1981-82 recession. Real gross national product (GNP), a broad measure of the nation's output adjusted for inflation, grew at an average annual rate of 3.4 percent from 1985 through 1989. In the first half of 1990, the economy continued its expansion for an eighth straight year, a peacetime record in the United States. Growth slowed dramatically, however, as real GNP grew at a weak 1.2 percent annual rate in the second quarter of 1990, and real consumption spending, a key component of the economic expansion, grew at an anemic 0.3 percent annual rate.

The State economy also showed signs of weakness in the first half of 1990: manufacturing employment fell 0.9 percent from the same period in 1989, construction employment dropped 0.3 percent, and residential building permits fell 22 percent. The crisis in the Middle East and federal and state budget problems could put additional pressure on the economy. Higher oil prices caused by the Iraqi invasion of Kuwait in August 1990 will mean higher inflation and interest rates, which could hurt construction and business investment while making it difficult for the Federal Reserve to ease credit and stimulate the economy.

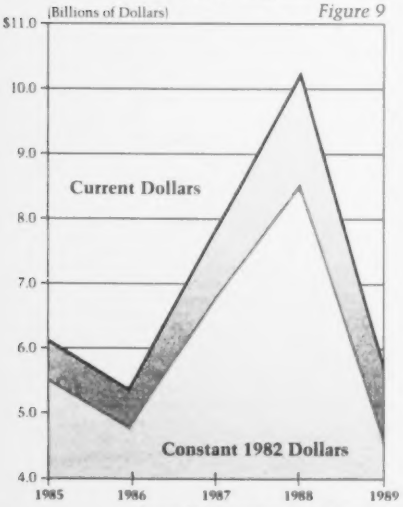
The military build-up in the Middle East will provide a short-term fiscal stimulus for parts of the State. Paradoxically, this spending could hurt some Virginia firms over the longer term. Virginia ranked third in per capita federal expenditures and Defense Department military expenditures among all states in fiscal year 1989. **Figure 9** shows that defense contracts awarded to Virginia firms dropped sharply in 1989 after a large increase in 1988. Federal deficit reduction plans may force the Defense Department to find ways to offset the added expense of maintaining large troop deployments in the desert. Many Virginia firms could feel the effects of the resulting cost cutting measures.

Federal and state deficit reduction efforts could also have a significant impact on growth in the government sector. Approximately 1 in 5 Virginia workers are employed by federal, state, or local governments; and about 12 percent of the State's employment growth over the past five years has come from growth in government employment. Cost cutting measures will at least slow this sector's contribution to employment growth. Additionally, new or higher federal sales and excise taxes could hurt state and local tax receipts and impact local consumption spending.

Silver linings are difficult to find at this point. In the first half of 1990, unemployment in the State averaged a low 3.9 percent compared to 5.2 percent for the nation. Virginia's nonagricultural employment and personal income growth continued to outperform the nation as a whole, although the margin of difference has shrunk recently. Employment grew 2.8 percent from the first half of 1989 versus 2.3 percent for the nation, and personal income grew at an annual rate

Defense Contract Awards by Fiscal Year, Virginia

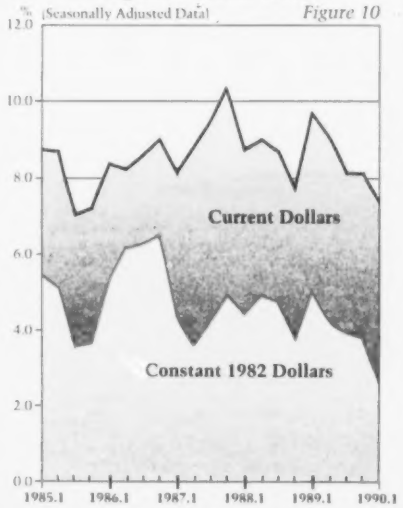
Figure 9



Source: U.S. Department of Commerce, Bureau of the Census

Annual Growth Rates of Virginia Personal Income

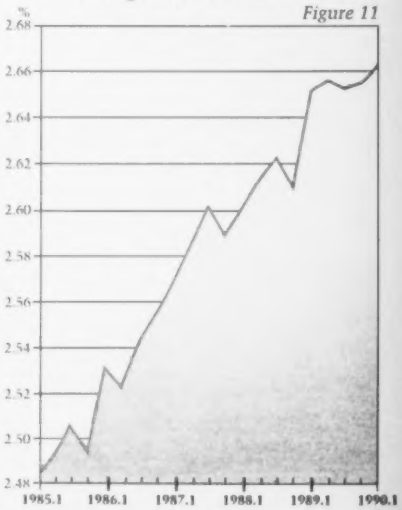
Figure 10



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Virginia Personal Income as a Percentage of U.S. Personal Income

Figure 11



Source: U.S. Department of Commerce, Bureau of Economic Analysis

of 7.4 percent in the first quarter of 1990 versus a 6.7 percent growth rate for the nation. The 7.4 percent growth rate was the lowest since the fourth quarter of 1985. Perhaps the brightest note is the continued strong growth of exports which increased 11 percent in 1989. The real peace dividend may come in the form of a rapidly expanding export sector as world markets become more free and integrated.

Exports are considered to be a driving force in economic growth. Reliable state figures for exports of goods and services have been available only since 1987. In that year, Virginia exported $5.8 billion in goods and services, a figure that rose to $8.0 billion in 1989, a 38 percent increase.

Although prospects for the future are somewhat cloudy at present, the State has outpaced the U.S. in most measures of economic performance over the past five years. Virginia personal income in both current and inflation-adjusted dollars rose consistently over the last five years **(Figure 10)**, but real growth slowed to its lowest level of the period in the first quarter of 1990. The State's share of national personal income **(Figure 11)** has remained virtually constant since the start of 1989 after increasing steadily early in the period, indicating that Virginia continues to perform at least as well as the nation.

The per capita income figures **(Figure 12)** reflect the strong growth in Virginia's personal income. In 1985, the State's per capita personal income slightly exceeded the nation's and has climbed higher since then. Virginia's 1989 per capita personal income was $18,927 compared to $17,596 for the nation and $17,122 for the South Atlantic region.[1] On a percentage basis, Virginia's 1989 per capita personal income was 107 percent of the national average and 110 percent of the South Atlantic figure. State per capita income ranked eleventh in the nation and third in the South Atlantic region (behind the District of Columbia and Maryland).

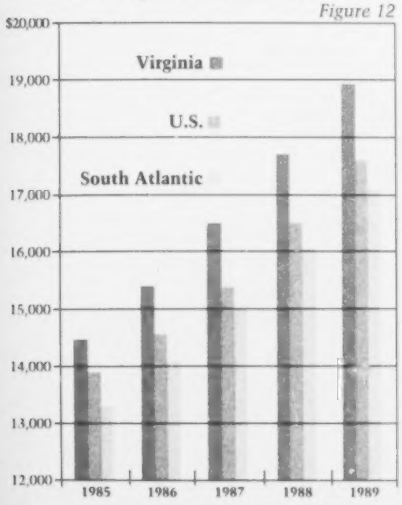
The growth in prices, as measured by both the Consumer and Producer Price Indexes, has been moderate compared to the late 1970's and early 1980's. However, inflation has crept upward since 1986, and consumer prices increased at a 4.9 percent annual rate in the first two quarters of 1990. Inflation is proving to be a persistent problem and is likely to increase further in the third and fourth quarters because of higher oil prices. Interest rates since 1985 have fallen and risen and in mid-1990 were slightly higher than they were five years earlier. The Prime Rate fell to 8 percent by 1987, but since then it has moved upward, reaching 11 percent by mid-1989 before falling again to 10 percent in mid-1990. Higher inflation will mean that interest rates are unlikely to fall in the near-term.

Virginia's nonagricultural wage and salary employment **(Figure 13)** increased by 409,000 from 1985 to 1989. In relative terms, the 16.6 percent gain from 1985 to 1989 exceeded both the national increase of 11.3 percent and the 15.8 percent gain made by the South Atlantic region. Over this period Virginia surpassed both the nation's and the South Atlantic region's growth except in 1988 when the South Atlantic region slightly outpaced Virginia **(Figure 14)**. Throughout the five-year period, the State has added an average 100,000 new jobs annually, although 1989 growth was slowest in both absolute and percentage terms.

Among the major industries in Virginia, the largest numerical and percentage increase in employment during the period was in the services sector **(Figure 15)**. Wholesale and retail trade; construction; and finance, insurance, and real estate made strong gains in employment, while

Per Capita Personal Income

Figure 12



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Virginia Nonagricultural Wage and Salary Employment

Figure 13

	Employment (000)							Percent Change
Industry Group	1985	1986	1987	1988	1989	First Half 1989	First Half 1990	First Half 1989-1990
Manufacturing	423.4	424.7	428.9	427.4	428.1	427.2	423.4	(0.9)%
Mining	17.3	16.5	15.9	15.9	15.0	15.1	15.9	5.7
Construction	152.0	169.5	182.9	191.0	195.9	192.2	191.5	(0.3)
Transportation and Public Utilities	132.0	137.1	142.6	145.6	149.1	147.6	153.4	4.0
Wholesale and Retail Trade	547.0	579.0	610.2	633.8	656.9	645.4	659.7	2.2
Finance, Insurance, and Real Estate	122.8	131.8	143.6	149.3	152.2	150.2	154.9	3.1
Services	544.7	579.3	626.1	665.1	703.3	691.0	723.8	4.7
Federal Government	168.1	167.9	170.3	172.4	177.1	175.3	183.2	4.5
State Government	122.7	124.0	125.7	130.1	135.8	134.9	141.4	4.8
Local Government	224.8	227.9	234.2	242.0	250.4	251.9	263.3	4.5
Total	2,454.8	2,557.7	2,680.4	2,772.6	2,863.8	2,830.8	2,910.5	2.8

Source: Virginia Employment Commission

transportation and public utilities, and government posted modest gains. Manufacturing saw very small gains in employment during the five-year period, and mining employment fell slightly from 1985 to 1989.

While this report focuses on the Virginia economy as a whole, it should be noted that the State is made up of a number of "local economies" and that these local economies do not necessarily perform at similar levels. For instance, the Virginia portion of the Washington, DC-MD-VA Metropolitan Statistical Area (Northern Virginia MSA) accounted for one-third of state personal income in 1988, the last year for which local income data are available, with only slightly less than one-fourth of the state population. Per capita personal income, at $25,356 in 1988, was much larger than per capita income in the rest of the State, at $15,269. This same MSA accounted for 39.4 percent of nonagricultural job growth in the State from 1985 to 1989, and an additional 33.9 percent came from the Norfolk-Virginia Beach-Newport News and Richmond-Petersburg MSA's.

There is not room here to examine these local economies in detail, but the State economy, to a very large extent, has been pulled along by the strong growth in Northern Virginia and certain localities in the so-called Golden Crescent, an area running roughly from Northern Virginia down through Charlottesville and Richmond and over to the Norfolk-Virginia Beach area.[2] It appears, however, that these local engines of growth may be slowing. **Figure 16** shows that employment growth rates in the first half of 1990 for Virginia metropolitan areas slowed significantly compared with average annual growth rates since 1985. Growth in Northern Virginia slipped to 2.2 percent from a 6.0 percent average since 1985. The other MSA's also experienced declining rates of growth in the first half of 1990.

From 1985 to the second quarter of 1990, Virginia's seasonally adjusted unemployment rate **(Figure 17)** fell to 3.9 percent from a high of 5.9 percent in the third quarter of 1985. The unemployment rate for the first half of 1990 (3.9 percent) was essentially unchanged from the same period in 1989. Although the Virginia unemployment rate followed a pattern similar to that of the national rate, it was never higher than 85 percent of the national average during the five-year period.

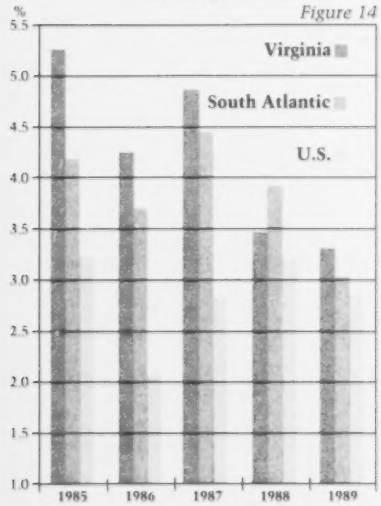
The number of Virginia private residential building permits **(Figure 18)** is a good leading indicator of the health of the economy. This number increased dramatically until the 1986 second quarter, fell in late 1986 and early 1987, and remained relatively flat until late 1989. Since the second quarter of 1989, the seasonally adjusted number of permits issued has declined 27.9 percent, a sure sign of trouble ahead. Nationwide, building permits issued have declined 9.1 percent over the same period.

Taxable sales under the Virginia sales and use tax are a fairly good proxy for retail sales. They grew from $7.5 billion in the first quarter of 1985 to $10.8 billion in the second quarter of 1990 **(Figure 19).** Once adjustments were made for price increases, there was still an increase measured in 1982 dollars, from $6.8 billion to $8.0 billion. During fiscal year 1990, growth in inflation adjusted taxable sales averaged 4.7 percent, down from an average 7.0 percent during the 1988 and 1987 fiscal years.

In summary, a review of the economy for the past five years indicates that Virginia has consistently outperformed the nation. While growth has been relatively strong over this

Annual Growth Rates of Nonagricultrual Wage and Salary Employment

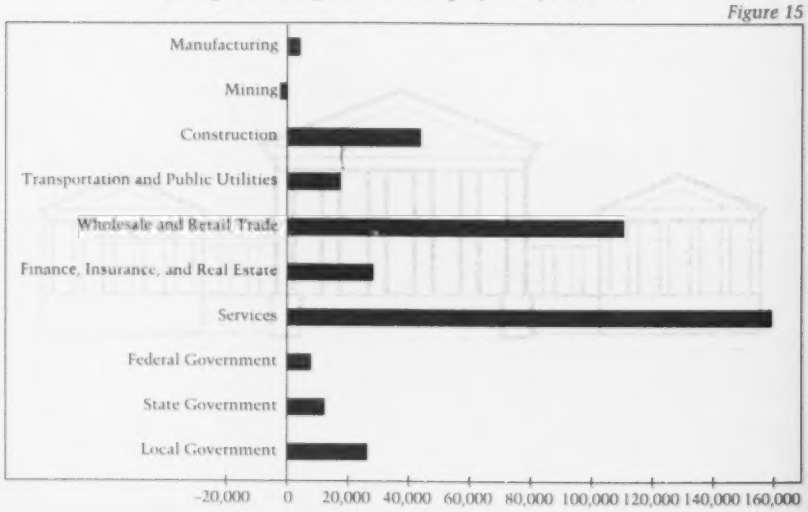
Figure 14



Source: U.S. Department of Labor, Bureau of Labor Statistics

Change in Nonagricultural Employment, 1985–1989

Figure 15



Source: Virginia Employment Commission

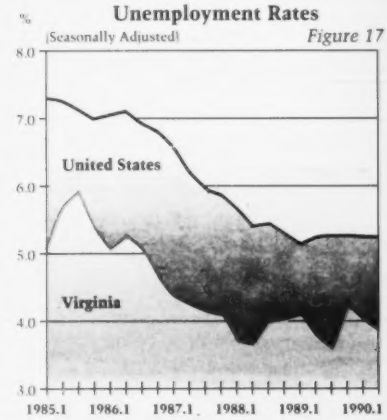
period, prospects for the future are somewhat mixed with many observers predicting a recession and slower growth for the State. Within the State, Northern Virginia has grown rapidly, and most other areas experienced strong, but not spectacular growth. Although the possibilities of defense cutbacks, reductions in the growth of government spending, and a recession cloud the near-term outlook for Virginia, the State's diversified economy, proximity to the nation's capital, and export potential augur well for the long-term.

[1]The South Atlantic region includes the states of Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia, and the District of Columbia.

[2]Economic profiles of the State's twenty-two planning districts and eight MSA's are available from the University of Virginia's Center for Public Service.

Unemployment Rates

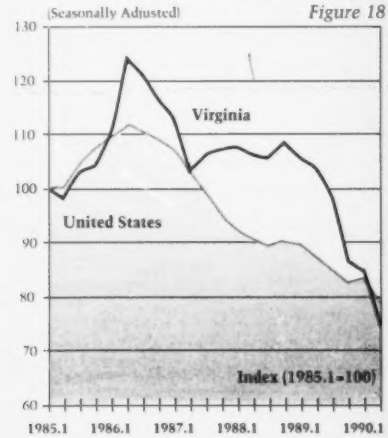
(Seasonally Adjusted) *Figure 17*



Source: VA. Employment Commission (VA.), U.S. Dept. of Labor, Bureau of Labor Statistics (U.S.)

U.S. and Virginia Building Permits

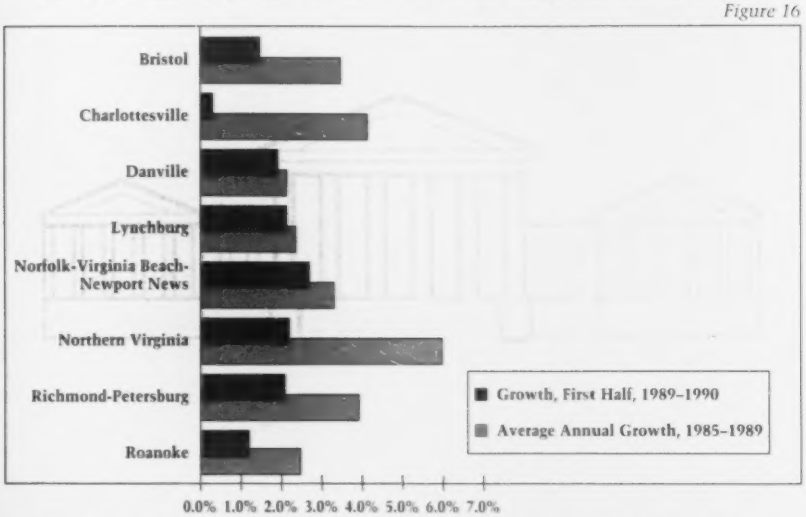
(Seasonally Adjusted) *Figure 18*



Source: U.S. Department of Commerce, Bureau of the Census

Nonagricultural Employment Growth Rates in Metropolitan Statistical Areas

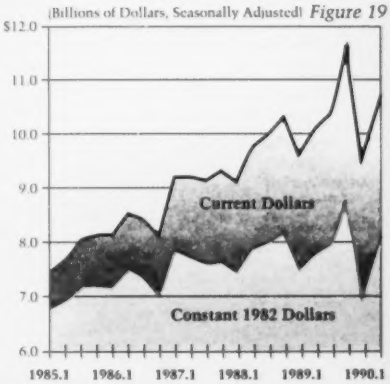
Figure 16



Source: Virginia Employment Commission. Note: Charlottesville numbers contain unpublished revisions by the VEC.

Taxable Sales in Virginia

(Billions of Dollars, Seasonally Adjusted) *Figure 19*



Source: Virginia Department of Taxation

SPECIAL REPORT

on Youth and Families

For generations, Virginians have pursued the American Dream of safe neighborhoods, educational opportunity, economic success, and responsible citizenship. As the twentieth century comes to a close, the opportunity for the dream is being challenged. Crime, illiteracy, unemployment, and personal alienation haunt the lives of many of today's youth, and raise concerns about America's future.

Leaders in government, business, industry, and education recognize that children will be ill-equipped to handle the responsibilities of a sophisticated and diverse society without adequate preparation. The future depends on our ability to eliminate the forces that impede progress and to invest in cost-effective strategies that resolve these problems. Success in the twenty-first century will be achieved only through well-planned and executed strategies to address the needs of all of our youth and families.

Governor Lawrence Douglas Wilder is committed to investing in our youth and families. Immediately upon taking office, Governor Wilder signed an Executive Order proclaiming the 1990's the Decade of Youth and Families. In doing so, he directed the Secretaries of Economic Development, Education, Health and Human Resources, and Public Safety to lead the Commonwealth's initiative to promote programs that help youth and families to lead dignified, fulfilling, and productive lives.

Family roles and values are changing faster than at any other time in history. The traditional paycheck-earning father and child-rearing mother have been replaced by two-income and single-parent families. From 1980 to 1985, women filled 65 percent of all newly created jobs. Women with children are a crucial and growing segment of our working population. In Virginia in 1987, 50 percent of all mothers with children under the age of 6, and 63 percent of mothers with children between the ages of 6 and 13, worked outside the home. By 1995, two-thirds of mothers with preschool children and 75 percent with school-age children will be working.

At the same time, the number of young adults entering the work force is declining. Between the mid-1980's and the year 2000, the number of young adults, ages 18 to 24 years, entering the labor force is expected to decrease nationwide by 4.1 million. The size of our next generation of young adults is expected to decrease even more. Of these, a significant portion are at risk of not learning the most basic skills that will prepare them for future employment and a fulfilling life.

Increasingly, Virginia employers will compete to hire enough qualified employees from a shrinking pool of young adults. Moreover, the invention of new technologies in many professions is creating an unprecedented demand for employees with advanced educational and training experience.

An intensifying world economic climate calls for innovative action. Like every prudent business, Virginia must focus on the key resources that contribute to a sound state economy and a strong economic presence in national and international markets. Our children are the Commonwealth's most important resource. Investments in health, education, employment, and family stability prepare our youth and families to meet the challenges of the future. By targeting youth and families at critical points in their lives, the Commonwealth is making the investment necessary to ensure the development of healthy, educated, and productive citizens.

During the Decade of Youth and Families, Virginia will focus on the array of programs that promote personal and economic accomplishments. The involvement of citizens, the business community, private organizations, and government is necessary for a sustained investment in the lives of youth and families. The following report addresses some of the steps the Commonwealth is taking to enhance health, opportunities, and success in the future for Virginia's youth and families.

"As we enter the last decade of the twentieth century, Virginia must invest in its future which is founded in its families and youth." Governor Lawrence Douglas Wilder, Executive Order Number Two, January, 1990

Prenatal Care

The health care of pregnant women and infants is one of the leading factors influencing the well-being of children in later years. Children born prematurely or underweight are more likely to have physical complications and other problems during their development. Of all babies born before the eighth month of pregnancy, 50 percent develop learning disabilities. Between 10 and 15 percent of these premature infants show overt signs of cerebral palsy and require specialized care throughout their lives. Because low birth weight babies are more likely to have physical disabilities, learning disorders and behavioral problems, the number of underweight babies directly affects the quality of life of Virginia's future work force.

Low birth weight babies are often the expensive result of inadequate prenatal care. In Virginia hospitals, neonatal intensive care for a low birth weight infant can range from $20,000 to $100,000 compared to an average cost of $3,900 for a normal weight infant's prenatal care, delivery, and post-delivery care. Regular prenatal visits to a doctor help to ensure that women learn to eat nutritionally and avoid harmful behaviors, such as drinking alcohol and smoking. Prenatal check-ups teach women to monitor their pregnancies and detect any significant changes.

Timely prenatal care can prevent infant mortality and underweight babies. For every $1 invested in prenatal care programs, more than $3 can be saved in post-delivery hospital expenses. Consistent health care during pregnancy and infancy is available through Virginia's BabyCare Program, which coordinates and enhances the use of Medicaid services for pregnant women and infants living in poverty. A care coordinator leads each high risk pregnant woman and infant through an individually designed health care plan and assists the family in resolving other economic and social problems that may affect the infant's health.

Food for Thought

Good nutrition is essential to develop strong bodies and nourish young minds. Virginia's Women, Infants, and Children (WIC) Program, a federal initiative, enhances the food buying power of low income pregnant, postpartum, and breast-feeding women, as well as their children up to age five who are nutritionally at risk. An investment of $1 for prenatal nutrition counseling and food purchases through WIC saves $3 in short-term hospitalization costs by preventing infant health problems that result from low birth weight and premature births.

Early Childhood Health Care

Skilled, timely action is required to identify young children with physical or mental disabilities early in their lives. Public child development clinics use a multi-disciplinary approach to evaluate children suspected of such disorders. Following diagnosis, a team of professionals makes referrals for services and coordinates care in the community. Virginia's emphasis on family-centered programs, like child development clinics and newborn

screening programs, has aided in early intervention and treatment. The Virginia Department of Health also uses the Congenital Anomalies Reporting and Education System (CARES) to evaluate possible causes of birth defects and to improve diagnosis and treatment.

Children receive dental care, vision and hearing screening, health education, and other preventive services through the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program for low income children who are at high risk of poor health. In 1989, over 43,000 of these children visited local health practitioners for check-ups that provided early detection and treatment to avoid the occurrence of future, more costly, health problems.

Childhood immunizations provide protection against infection and debilitating diseases. Over 86,000 children across the Commonwealth received nearly 350,000 immunizations from local health departments in 1989. The result is a dramatic decline in the incidence of polio, mumps, rubella, measles, diphtheria and other life-threatening illnesses. In 1990, Virginia will spend $3 million in funds for immunizations. The cost benefits are dramatic, since for every dollar spent, an estimated $10 is saved in future medical costs.

Early Childhood Development

While preventive health care practices yield savings in medical costs, quality early developmental experiences result in later academic achievement. Early childhood development programs help children to learn skills that lead to improved literacy, positive social interaction, and increased decision-making abilities. Children without these essential basic skills will have difficulty mastering more advanced lessons. Youth enrolled in high quality preschool programs as young children have demonstrated lower rates of unemployment, welfare dependency, and criminal activity.

In 1988, Virginia led the nation in establishing an innovative approach to promoting the healthy development of preschool-age children. The Virginia Council on Child Day Care and Early Childhood Programs, composed of parents and representatives from business, social services, child care, health, and education, was established to ensure the delivery of quality child care and early childhood programs throughout the Commonwealth. Currently, the Council awards grants for local programs that focus on children at risk of experiencing social, educational, and economic deficiencies. High quality preschool programs will return $4.75 for every $1 invested by reducing costs for special education, public assistance and crime.

Between 1980 and 1985, the number of first-time mothers between the ages 35 and 39 increased by 69 percent. This trend of working, older mothers will continue as more women interrupt their careers to begin their families. By the year 2000, nearly seven in ten children ages three to five years will have mothers employed outside the home. Businesses in Virginia interested in attracting and retaining qualified employees with families are now seeking advice on pursuing corporate child care options. To address the needs of Virginia's business community, the Council serves as an advisor to business for information and technical expertise on employer-sponsored child care.

Substance Abuse Prevention

Substance abuse tears communities apart, leaving fragmented families and young people deprived of many of life's positive experiences and opportunities. Today, children are seeing and experimenting with drugs at an earlier age. According to a 1989 statewide survey of Virginia secondary school students, 65 percent of eighth graders and 87 percent of twelfth graders had already tried alcohol. Thirteen percent of the same eighth grade sample had smoked marijuana and four percent had tried crack cocaine.

Local communities are training youth to recognize the dangers of substance abuse and to protect themselves against these risks. School-age children get the straight facts on substance abuse from uniformed law enforcement officers through the Drug Abuse Resistance Education (DARE) Program. Elementary school students, beginning in kindergarten, meet DARE officers in their classrooms and learn decision-making skills and ways to apply those skills in realistic, potentially harmful situations involving drugs. In four years, local interest has led to the expansion of DARE from an initial 15 school divisions to the current total of 121. Over 260,000 children met with their local DARE officers in 1989.

Students learn how to launch their own substance abuse prevention programs through the Youth Alcohol and Drug Abuse Prevention Project (YADAPP), a joint effort of the State Police, the Virginia Alcohol Safety Action Program, the Department of Motor Vehicles, the Department of Education, and private organizations. YADAPP convenes an annual summer conference for teams of students to plan strategies to help themselves and their peers resist alcohol and drugs. Approximately 500 students attended the 1990 conference, and the waiting list for next year's event is growing.

Families who find their communities threatened by drugs can restore stability through the Virginia Safe Neighborhoods Program. The initial, often critical, factor for the success of this program, funded through the Governor's Office on Drug Policy, is the establishment of an on-site field office for the local police department. Law enforcement officers band together with community residents to reduce drug abuse and crime. As new relationships are forged and criminal activity ceases, the community offers public awareness and prevention activities to preserve their safety.

Youth with Disabilities

Current estimates indicate a nationwide population of 43 million disabled Americans. The number of Virginians with disabilities exceeds 350,000. For them, barriers to mobility, communication, and stable health may correspond to a lower standard of living, the consequence of lost self-sufficiency and personal income. Success for many Virginians requires access to the basic necessities of American life — medical care, transportation, housing, public voting, education, and employment.

Virginia's public schools operate Child Find programs to locate and assess children with mental or physical disabilities. Once identified, children receive specialized attention from education professionals. Educators team up with parents, child development specialists, psychologists, and health professionals to offer physically and mentally stimulating activities to disabled infants and youth. In 1989, over 111,000 children participated in these special education programs in their communities.

Among the most preventable disabilities are those incurred from severe trauma to the head and spinal cord. In 1986, people under the age of 20 experienced 21 percent of the reported head and spinal cord injuries, usually as a result of motor vehicle accidents. Of particular concern is the high percentage of youths ages 15 through 19 years who do not wear seat belts regularly. Public schools and regional rehabilitation agencies have joined forces to educate students from kindergarten through high school on the importance of using seat belts to prevent spinal cord injuries, and on the consequences of drinking and driving. Educational programs in the

schools can prevent head and spinal cord injuries that cost as much as $520,000 in acute medical care and rehabilitation expenses over the course of a paralyzed youth's lifetime.

The adult world and the responsibility of work may pose a seemingly insurmountable challenge to youth with disabilities. Virginia's Postsecondary Education/Rehabilitation Transition (PERT) Project promotes confidence and independence among disabled students as they prepare for the transition from high school to postsecondary education and employment training. Project PERT tailors academic and vocational programs to special education students from all disability groups in 40 localities. The success is self-evident: a 1989 survey indicated that 48 percent of PERT participants leaving high school had found gainful employment.

Troubled Youth

As early as the primary school years, children can develop a pervasive sense of failure and dissatisfaction with their lives. As these youth grow older, they must adjust to increasing social stress, rapidly maturing bodies, and the challenges of approaching economic independence. For some, physical, emotional, or sexual abuse compound the difficulties of adolescent development. Bewilderment and frustration with their predicament may breed behavioral problems, delinquency, and the severing of ties with their families, as well as with formal education.

Preventing crisis situations early in children's lives increases the likelihood of long-term achievement. Elementary school guidance counselors play an essential role in identifying children who display early warning signs of emotional or behavioral problems. When they spot troubled youth, guidance counselors talk with children and, if necessary, call in parents, teachers, and other school personnel to address the problems and pursue appropriate remedies.

Youths who become entangled in emotional and behavioral difficulties that lead to delinquency require more intensive attention. According to a report issued by the Virginia Department of Corrections in 1987, nearly 45 percent of inmates in Virginia's penal system convicted of serious crimes also had delinquency records as juveniles. In 1988, over 93,000 cases involving children and youth were brought to the attention of the juvenile courts in Virginia.

When youth are determined to be in need of treatment services, several options are available. Family foster care, residential services, and community-based settings currently provide opportunities to help our troubled youth. Juveniles placed in the Commonwealth's seven learning centers continue their education, participate in treatment and counseling, and address their needs in a stable residential environment. Over 700 youths a day receive specialized services with an average stay of five months. Additional special programs are available through the learning centers to help families adjust to unsettling domestic changes.

Virginia has embarked on an unprecedented mission to find new avenues of community-based treatment. In seven localities, agencies are working together to offer counseling in the home, crisis intervention services, and other assistance to prevent children from being removed for foster care. Financial incentives are provided by the Commonwealth for individualized treatment of emotionally disturbed children in local communities. Community programs allow children and their families to pursue treatment in familiar environments. Other efforts are leading to the creation of a network of community services to increase family involvement, to improve the availability of treatment, and to reduce the necessity for expensive residential care.

Employment Training

Children's educational choices during adolescence can help secure Virginia's economic future. Each "class" of school dropouts costs, nationally, $228 billion in lost earnings and $68 billion in lost taxes over the course of a lifetime. Youth without high school diplomas face the possibility of lifelong careers of lower wages and a reduced standard of living. Compared to high school graduates, dropouts are 3.5 times more likely to be arrested and six times more likely to be unwed parents.

Many youth who have dropped out of school decide later to become better educated. One avenue available to them is vocational training. Virginia assists in preparing young adults for entry into the labor force. Career planning programs include preparatory classes for the General Educational Development (GED) diploma, occupational skills training, and job search assistance. These programs operate year-round and include a popular summer youth employment and training institute that fosters partnerships among state employment-related agencies and businesses to provide increased opportunities for youth.

Virginia's business leaders are participating in a state-sponsored, private sector mentoring program to present youth with vocational and career options. Personal relationships with successfully employed, responsible adults offer youth exciting opportunities to learn valuable work habits, try new communication skills, and acquire job experience. In 1988, over 14,500 youths benefited from these employment training experiences.

Teen Parenthood

Teenagers who become pregnant are at high risk of dropping out of school and beginning parenthood on public assistance. Six years ago, the National Institutes of Health predicted that a 50 percent decrease in the number of births to women under 18 years of age could save $390 million in Aid to Families with Dependent Children (AFDC) payments, $160 million in Medicaid payments and $170 million in food stamp subsidies by 1990. Annually, teenage pregnancy and parenthood costs over $20 billion in federal assistance. The high costs of a growing teen pregnancy rate require flexible, creative solutions.

Virginia's Better Beginnings program serves as a catalyst for parents, agencies that serve children, and civic organizations to work together to reduce the teen pregnancy rate. Coalitions have formed in over thirty localities to determine the number of pregnant teenagers, to identify financial support and other resources, and to create a five-year strategic plan specifically designed for their communities.

Teenagers who become pregnant may turn to their communities for advice and assistance. The Resource Mothers program pairs pregnant teenagers with mature, experienced mothers who monitor basic prenatal health care, provide informal counseling, and teach responsible parenting skills. To date, resource mothers have adopted 1,057 teenagers in Virginia. Substantial benefits include infants with higher birth weights and teen mothers with educational achievements, increased self-esteem, and greater independence.

COST-EFFECTIVE PROGRAMS FOR YOUTH AND FAMILIES

	Social Benefits	Cost Benefits
Prenatal Care	Reductions in prematurity, low birthweight births, and infant mortality	$1 saves $3.38 in the cost of care for low birthweight infants
WIC - Special Supplemental Food Program for Women, Infants, and Children	Reductions in infant mortality and births of low birthweight infants	$1 in prenatal component saves $3 in short-term hospital costs
Early Childhood Health Care	Decreased infant mortality and fewer abnormalities among children receiving early screening and treatment services	$1 in Medicaid coverage for prenatal and high risk care saves $3 in health care costs during the infant's first year
Childhood Immunization	Dramatic declines in incidence of rubella, mumps, measles, polio, diphtheria, tetanus, and whooping cough	$1 in childhood immunizations saves $10 in later medical costs
Early Childhood Programs	Increased school success, employability and self-esteem, reduced dependence on public assistance	$1 in quality preschool programs saves $4.75 because of reduced costs of special education, public assistance, and crime
Education for Disabled Children	Increased number of students being educated and greater availability of services	Early educational intervention has saved school districts $1,560 per disabled pupil in the cost of remedial programs
Youth Employment Training	Gains in employability, wages, and success while in school and afterward	Average hourly wage upon completion of training program is $4.54, compared to the standard minimum wage of $3.85

Source: *Children in Need*, Committee for Economic Development, New York, New York, 1987.
Governor's Employment and Training Department, Commonwealth of Virginia

CONCLUSION

As the Commonwealth strives to compete in a dynamic global economy, we must pay considerable attention to our youth, who will be the next leaders in government, business, industry and all aspects of society. Access to health care, education, and employment opportunities is essential for their success in these roles. Every investment we make in our youth and families today will enhance the Commonwealth's future viability and prosperity. During the Decade of Youth and Families, Virginia will continue to build the critical foundation of beneficial programs and services that will ensure a legacy of healthy, capable and productive youth and families in the twenty-first century.

For more information about the programs described, please contact the Office of the Secretary of Health and Human Resources, Commonwealth of Virginia, P. O. Box 1475, Richmond, Virginia 23212 or call (804) 786-7765.

Organization of Government

As of July 1, 1990

Executive

Governor

Attorney General

Department of Law

Lieutenant Governor

Chief-of-Staff

Virginia Liaison Office

Secretary of the Commonwealth

Administration

Secretary of Administration
Commission on Local Government
Compensation Board
Department of Employee Relations Counselors
Department of General Services
Department of Information Technology
Department of Personnel and Training
State Board of Elections
Virginia Retirement System
Council on Human Rights
Council on Information Management
Department of Veterans' Affairs

Finance

Secretary of Finance
Department of Accounts
Department of the State Internal Auditor
Department of Planning and Budget
Department of Taxation
Department of Treasury
Treasury Board

Health and Human Resources

Secretary of Health and Human Resources
Department for Rights of Virginians with Disabilities
Council on Indians
Council on the Status of Women
Department for the Aging
State Department of Health
Department of Health Professions
Department of Medical Assistance Services
Department of Mental Health, Mental Retardation and Substance Abuse Services
Department of Rehabilitative Services
Department of Social Services
Department for Children
Department of Volunteerism
Governor's Employment & Training Department
Department for the Visually Handicapped
Department for the Deaf and Hard-of-Hearing
Virginia Health Services Cost Review Council
Virginia Council on Child Day Care and Early Childhood Programs

Economic Development

Secretary of Economic Development
Department of Agriculture and Consumer Services
Department of Commerce
Department of Economic Development
Department of Housing and Community Development
Department of Labor and Industry
Department of Mines, Minerals, and Energy
Milk Commission
Department of Minority Business Enterprise
Virginia Employment Commission
Department of Forestry
Virginia Commission for the Arts
Virginia Port Authority
Department of World Trade
Virginia Racing Commission

Public Safety

Secretary of Public Safety
Commonwealth's Attorneys' Services and Training Council
Department of Alcoholic Beverage Control
Department of Corrections
Department of Criminal Justice Services
Department of Fire Programs
Department of Military Affairs
Department of State Police
Department of Correctional Education
State Department of Emergency Services
Virginia Parole Board
Department of Youth and Family Services

Transportation

Secretary of Transportation
Department of Aviation
Department of Motor Vehicles
Department of Transportation
Commission on the Virginia Alcohol Safety Action Program

Education

Secretary of Education
Christopher Newport College
College of William and Mary
George Mason University
The Science Museum of Virginia
Gunston Hall
University of Virginia
James Madison University
Frontier Culture Museum of Virginia
Jamestown-Yorktown Foundation
Virginia Commonwealth University
Longwood College
Virginia Community College System
Mary Washington College
Virginia Military Institute
Norfolk State University
Old Dominion University
Virginia Polytechnic Institute and State University
Radford University
Virginia State Library and Archives
State Council of Higher Education for Virginia
Virginia State University
Department of Education
Virginia Museum of Fine Arts

Natural Resources

Secretary of Natural Resources
Department of Game and Inland Fisheries
Department of Conservation and Recreation
Department of Historic Resources
Council on the Environment
Marine Resources Commission
Department of Air Pollution Control
Department of Waste Management
State Water Control Board
Virginia Museum of Natural History
Chesapeake Bay Local Assistance Department
Chippokes Plantation Farm Foundation

Legislative

Senate
House of Delegates
Auditor of Public Accounts
Division of Legislative Automated Systems
Division of Legislative Services
Joint Legislative Audit and Review Commission
Legislative Support Commission
Division of Capitol Police
Virginia Coal and Energy Commission
Virginia Code Commission
Virginia Commission on Intergovernmental Cooperation
Virginia State Crime Commission
Virginia Housing Study Commission
State Water Commission
National Conference of Commissioners on Uniform State Laws
Commission on Population Growth and Development
Youth Services Commission

Judicial

Supreme Court
Court of Appeals of Virginia
Circuit Courts
District Courts
Judicial Inquiry and Review Commissions
Magistrate System
Public Defender Commission
Virginia Board of Bar Examiners
Virginia State Bar

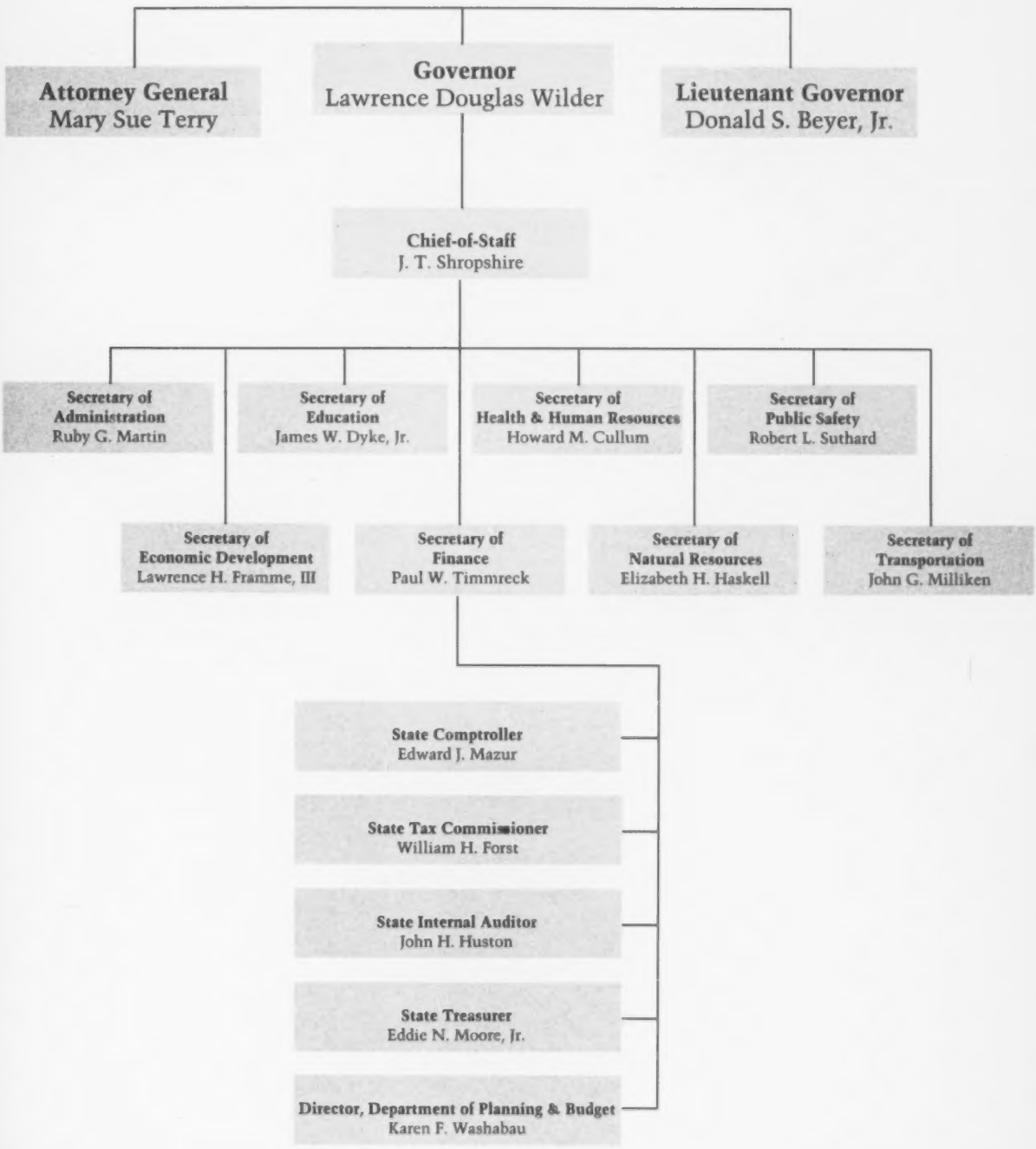
Independent Agencies

State Corporation Commission
Department of Workers Compensation
State Lottery Department

Public Benefit Corporations

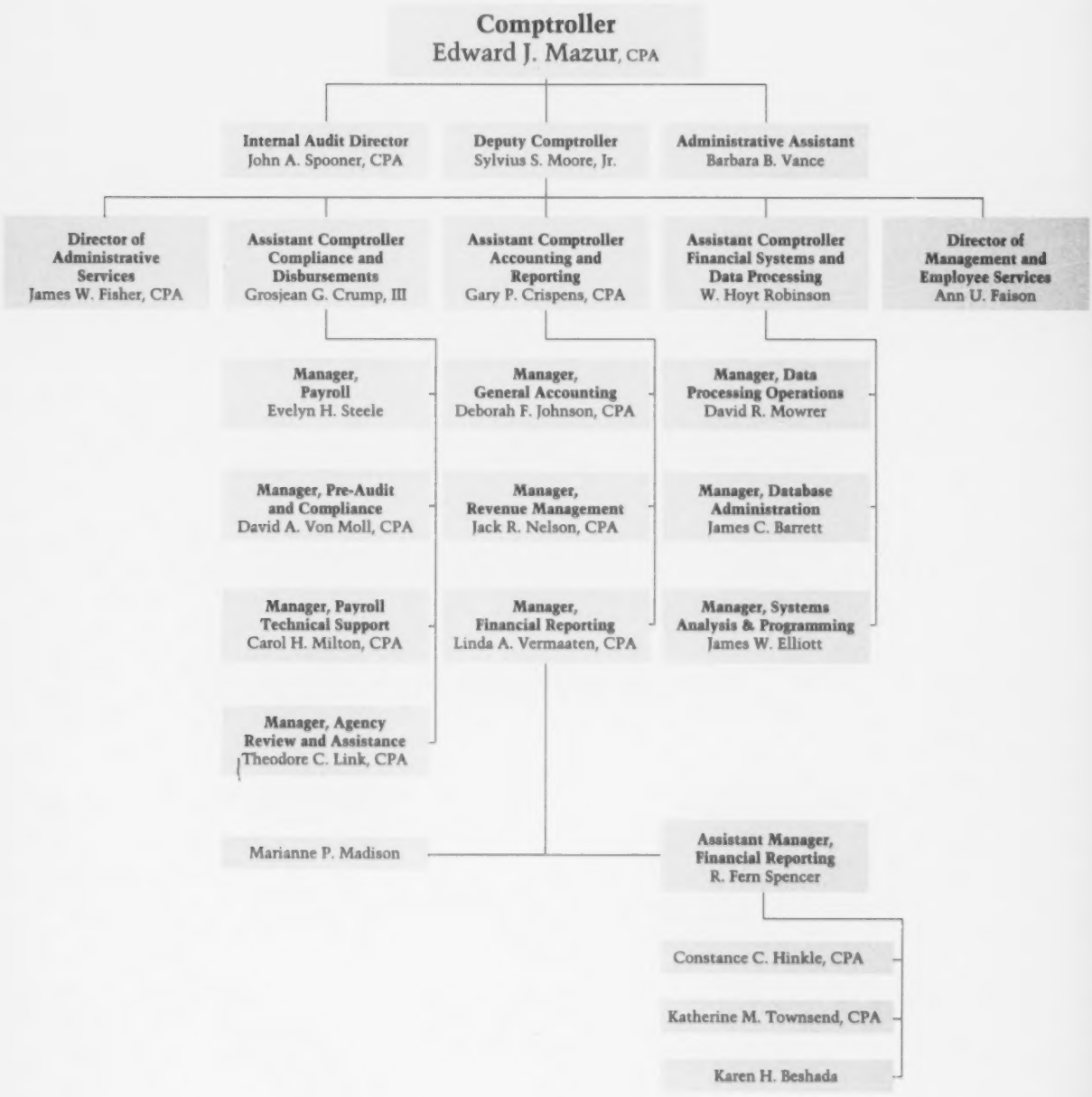
Virginia Housing Development Authority
Virginia Education Loan Authority
Virgnia International Terminals, Inc.
Virginia Resources Authority
State Education Assistance Authority
Virginia Public School Authority

Organization of Government
Selected State Officials — Executive Branch
As of July 1, 1990



Department of Accounts

Organization Chart



Overview of the Department of Accounts

Major activities of the Department of Accounts include:

- researching technical accounting issues to promote the Commonwealth's position and to ensure compliance with new accounting pronouncements;
- issuing policies, regulations, memoranda, and forms for the guidance of, and use by, fiscal and personnel officers of public agencies and institutions regarding financial accounting, financial management, emerging payroll regulations, and compliance matters;
- preparing reports required for sound financial management, and agency performance evaluation, on a regularly scheduled basis for distribution to the Governor, the General Assembly, State agencies, and to others interested in State government;
- operating central accounting and disbursement systems of the Commonwealth, including the Commonwealth Accounting and Reporting System (CARS), Commonwealth Integrated Payroll/Personnel System (CIPPS), and Fixed Asset Accounting and Control System (FAACS);
- providing and managing a unified comprehensive system of accounting for the Commonwealth, to include the development of all central accounting systems, and the approval of all agency-based accounting systems;
- ensuring compliance with State and federal laws and administrative regulations;
- monitoring control and management of accounts receivable due the Commonwealth;
- monitoring agency compliance with the Prompt Payment Act;
- maintaining an Indirect Cost Recovery Program to ensure recovery of full statewide and agency indirect costs;
- providing agencies with comprehensive training and technical assistance in all fiscal and compliance matters; and
- reviewing federal program funding arrangements and cash flows to ensure a minimum of State funds are utilized to support federal programs.

Major Accomplishments of the Department of Accounts

Major accomplishments of the Department of Accounts in Fiscal Year 1989–1990 include the:

- implementation of changes to generally accepted accounting principles adopted by the Governmental Accounting Standards Board;
- continued expansion of on-line data entry, inquiry, and reporting features of CARS at the agency level;
- implementation of the Commonwealth Accounting and Reporting Downloading System (CARDS), which allows agencies to access data files for financial analysis;
- development and improvement of management reports, which emphasize productivity and performance, especially in the management of accounts receivable;
- implementation of reports distribution software, which allows for more efficient and effective production and distribution of agency financial reports;
- completion of the implementation of CIPPS, the new comprehensive payroll system providing on-line communications with agencies;
- development of the Commonwealth Accounts Receivable Management and Collections Manual, as required by the Virginia Debt Collection Act of 1988, to increase the efficiency of collecting the Commonwealth's receivables;

- technical training of 247 employees from 124 agencies in accounts receivable management and collection techniques, in conjunction with the Office of the Attorney General's Claims Section staff;
- increased participation of State employees in the Direct Deposit of Pay Program;
- enhancement to the deposit certificate process allowing for more timely recording of revenue to the accounting system, and the elimination of duplicate data entry;
- development of the premium conversion process allowing State employees to fund health care premiums on a pretax basis and thereby achieve a higher take home pay, while reducing the payment of the State's share of federal tax payments; and
- implementation of the retiree health care credit program, which provides a credit against health care costs for eligible retirees.

Fiscal Year 1990–1991 Initiatives

Initiatives of the Department of Accounts for Fiscal Year 1990–1991 include the:

- design and implementation of the Commonwealth Vendor Debt Set Off Program to allow the state to recover debts owed from daily payments made to vendors;
- expansion of CARDS, to include an increase in the accounting and payroll data elements in CARS and CIPPS that are available for downloading;
- expansion of the use of the reports distribution management system to allow for viewing CARS reports on-line and allow for a maximization of efficiency and effectiveness of reports generated by CARS;
- coordination with agency personnel on the implementation of new accounts receivable procedures to improve the Commonwealth's outstanding accounts receivable balances;
- implementation of employee flexible spending fringe benefit accounts, which will allow employees to allocate pretax dollars for eligible health and dependent care expenses;
- modification of CARS to allow for improvements in accounting and reporting capabilities for federal grants and contracts;
- implementation of improved standards and procedural changes to FAACS to achieve up to a 50% improvement in the timeliness of transaction processing;
- implementation of data dictionary concepts to improve the efficiency and to maximize functionality of major central systems;
- expansion of the use of electronic funds transfer systems in order to reduce operating costs, expedite payments, improve security of distribution of State payments, and enhance the receipt of federal payments;
- enhancement of the Deposit Certificate revenue recording process to eliminate remaining manual processes and to further improve the revenue recording process by fully utilizing on-line and magnetic media capabilities;
- expansion of the Direct Deposit of Pay Program to all agencies in the Commonwealth;
- cooperation with the Council on Information Management on the analysis of integrating all central accounting, budgeting, and personnel systems into a single data base;
- improvement of cash flow forecasting methodologies and technologies; and
- improvement of 1099 reporting and compliance.

FINANCIAL SECTION

Independent Auditor's Report
General Purpose Financial Statements
Required Supplementary Information
Combining and Individual Fund Statements

Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23210

November 30, 1990

The Honorable Lawrence Douglas Wilder
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable John C. Buchanan
Chairman, Joint Legislative Audit and Review Commission
General Assembly Building
Richmond, Virginia

INDEPENDENT AUDITOR'S REPORT

Gentlemen:

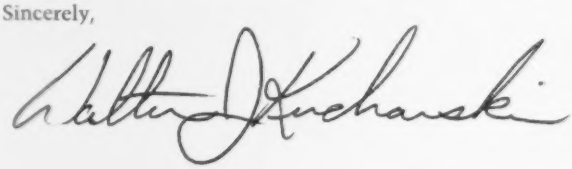
We have audited the general purpose financial statements of the Commonwealth of Virginia as of and for the year ended June 30, 1990, as listed in the Table of Contents. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of certain component units of the Commonwealth discussed in Note 1(B) which statements reflect total assets of $4,501,893,000 as of June 30, 1990, and total revenues of $472,878,000 for the year then ended. The financial statements of these component units were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts included for Enterprise Funds — Public Benefit Corporations, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth of Virginia as of June 30, 1990, and the results of its operations and cash flows of its proprietary fund types and similar trust funds for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements. The combining and individual fund financial statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Commonwealth of Virginia. This information, and not the information in the Introductory and Statistical Sections, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the fund types and account groups included in the general purpose financial statements taken as a whole. We express no opinion on the information in the Introductory or Statistical Sections.

Sincerely,



AUDITOR OF PUBLIC ACCOUNTS

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1990
(Dollars in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Cash, Cash Equivalents, and Investments (Notes 1 and 6):				
State	$ 43,901	$ 668,878	$ 53,560	$ 161,436
Public Benefit Corporations	—	—	—	—
Petty Cash and Travel Advances	3,909	1,791	—	—
Taxes, Loans, Accounts, and Other Receivables (Net) (Notes 1 and 7):				
State	291,955	435,987	—	—
Public Benefit Corporations	—	—	—	—
Due from Other Funds (Note 15)	158,028	41,333	—	—
Interfund Receivables (Note 15)	—	37,972	—	—
Loans Receivable from Proprietary Funds (Notes 1 and 15)	8,497	306,284	—	—
Inventory (Note 1)	—	233	—	—
Restricted Assets	—	—	—	—
Prepaid Expenses	—	—	—	—
Other Assets	—	—	17	—
Property, Plant, and Equipment (Notes 1 and 8)	—	—	—	—
Unamortized Bond Issuance Expense	—	—	—	—
Other Debits:				
Amount Available for Retirement of Long-Term Debt	—	—	—	—
Amount to be Provided by the Commonwealth for Retirement of Long-Term Debt	—	—	—	—
Amount to be Provided by Other Sources for Retirement of Long-Term Debt	—	—	—	—
Total Assets and Other Debits	$ 506,290	$ 1,492,478	$ 53,577	$ 161,436
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts Payable	$ 164,633	$ 286,838	$ —	$ 14,283
Tax Refunds Payable (Note 1)	45,684	—	—	—
Amounts Due to Other Governments	114,302	32,560	—	—
Accrued Interest Payable — Public Benefit Corporations	—	—	—	—
Deposits Pending Distribution	295	2,517	—	—
Obligations Under Reverse Repurchase Agreements (Note 6)	—	—	—	—
Claims Payable (Notes 1 and 12)	—	—	—	—
Notes Payable (Note 14)	—	—	—	—
Lottery Prizes Payable	—	—	—	—
Other Liabilities	—	55	—	—
Due to Other Funds (Note 15)	38,691	9,425	—	—
Interfund Payables (Note 15)	—	—	—	12,865
Loans Payable (Notes 1 and 15)	—	—	—	—
Deferred Revenue (Note 1)	—	48,739	—	—
Deferred Credit (Note 1)	281,871	—	—	—
General Obligation Bonds Payable (Note 14)	—	—	—	—
Transportation Bonds Payable (Note 14)	—	—	—	—
Higher Education Bonds Payable (Note 14)	—	—	—	—
Matured Interest Payable	—	—	6,139	—
Matured Debt Payable	—	—	6,866	—
Norfolk-Virginia Beach Toll Road Revenue Bonds (Note 14)	—	—	—	—
Long-Term Debt of Virginia Port Authority, Virginia Public Building Authority, and Innovative Technology Authority (Note 14)	—	—	—	—
Bonds Payable—Public Benefit Corporations (Note 14)	—	—	—	—
Due to Program Participants, Escrows, and Providers	—	—	—	—
Capital Lease Obligations (Note 14)	—	—	—	—
Accrued Liability for Compensated Absences (Note 1)	401	239	—	10
Total Liabilities	645,877	380,373	13,005	27,158
Equity and Other Credits:				
Net Investment in Plant	—	—	—	—
Investment in General Fixed Assets	—	—	—	—
Contributed Capital (Note 17)	—	—	—	—
Retained Earnings:				
State	—	—	—	—
Public Benefit Corporations	—	—	—	—
Fund Balances (Deficits):				
Reserved (Notes 1 and 16)	8,497	402,540	40,572	—
Unreserved (Note 1)	(148,084)	709,565	—	134,278
Total Equity and Other Credits (Note 2)	(139,587)	1,112,105	40,572	134,278
Total Liabilities, Equity, and Other Credits	$ 506,290	$ 1,492,478	$ 53,577	$ 161,436

The accompanying notes are an integral part of this financial statement.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Higher Education	June 30, 1990	June 30, 1989
$ 197,233	$ 142,129	$ 11,721,697	$ —	$ —	$ 1,137,870	$ 14,126,704	$ 12,995,809
1,928,695	—	—	—	—	—	1,928,695	1,815,154
131	108	17	—	—	—	5,956	5,711
8,211	20,589	362,860	—	—	255,282	1,374,884	1,031,697
3,445,200	—	—	—	—	—	3,445,200	3,246,875
—	2,654	9,558	—	—	46,913	258,486	328,830
—	—	—	—	—	—	37,972	29,058
—	—	—	—	—	—	314,781	300,132
38,053	9,712	722	—	—	23,784	72,504	68,143
1,445	—	—	—	—	—	1,445	1,375
2,084	5,294	—	—	—	5,186	12,564	12,345
—	—	—	—	—	12,942	12,959	65,825
68,241	21,854	10,007	2,108,175	—	3,400,845	5,609,122	5,002,011
7,738	—	—	—	—	—	7,738	7,575
—	—	—	—	40,572	—	40,572	41,339
—	—	—	—	429,380	—	429,380	441,219
—	—	—	—	753,215	—	753,215	590,685
$ 5,697,931	$ 202,340	$ 12,104,861	$ 2,108,175	$ 1,223,167	$ 4,882,822	$ 28,432,177	$ 25,983,783
$ 40,022	$ 11,386	$ 162,930	$ —	$ —	$ 117,244	$ 797,336	$ 556,506
—	—	—	—	—	—	45,684	55,963
6,396	—	341,781	—	—	—	495,039	413,068
94,410	—	—	—	—	—	94,410	101,984
4	—	10,006	—	—	49,715	62,537	62,495
—	—	—	—	—	31,488	31,488	34,874
—	114,507	—	—	16,263	—	130,770	105,943
117,726	3,072	—	—	24,146	10,504	155,448	211,213
25,223	—	—	—	—	—	25,223	—
10,514	249	94,114	—	—	14,828	119,760	88,731
158,031	—	9,559	—	—	42,780	258,486	328,830
15,551	—	—	—	—	9,556	37,972	29,058
307,284	7,497	—	—	—	—	314,781	300,132
21,045	5,855	1,466	—	—	48,987	126,092	137,650
—	—	—	—	—	—	281,871	253,904
—	—	—	—	51,445	—	51,445	58,020
—	—	—	—	501,689	—	501,689	305,424
—	—	—	—	—	610,767	610,767	582,010
—	—	—	—	—	—	6,139	6,018
280	—	—	—	—	—	7,146	9,981
—	—	—	—	9,575	—	9,575	10,235
—	—	—	—	433,490	—	433,490	444,878
4,149,557	—	—	—	—	—	4,149,557	3,942,225
114,754	—	191,505	—	—	—	306,259	263,850
489	—	—	—	17,689	7,912	26,090	26,115
7,206	2,360	427	—	168,870	78,949	258,462	236,729
5,068,492	144,926	811,788	—	1,223,167	1,022,730	9,337,516	8,565,836
—	—	—	—	—	2,786,328	2,786,328	2,543,573
—	—	—	2,108,175	—	—	2,108,175	1,809,783
75,040	5,676	—	—	—	—	80,716	46,124
23,126	51,738	—	—	—	—	74,864	75,418
530,373	—	—	—	—	—	530,373	466,427
—	—	10,024,011	—	—	247,427	10,723,047	9,429,043
—	—	1,269,062	—	—	826,337	2,791,158	3,047,579
628,539	57,414	11,293,073	2,108,175	—	3,860,092	19,094,661	17,417,947
$ 5,697,031	$ 202,340	$ 12,104,861	$2,108,175	$ 1,223,167	$ 4,882,822	$ 28,432,177	$ 25,983,783

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)	
						Year Ended	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 1990	June 30, 1989
Revenues:							
Taxes	$ 5,270,991	$ 1,178,189	$ —	$ —	$ 184,198	$ 6,633,378	$ 6,560,024
Rights and Privileges	9,702	412,585	—	—	—	422,287	414,357
Assessments and Receipts for Support of Special Services	548	36,714	—	—	399	37,661	40,901
Institutional Revenue	2,875	252,821	—	—	9,998	265,694	208,914
Interest, Dividends, and Rents	102,587	37,674	3,211	19,825	108,729	272,026	251,830
Fines, Forfeitures, Court Fees, Penalties, and Escheats	46,539	39,179	—	2	—	85,720	92,289
Federal Grants and Contracts	—	1,713,822	—	—	6,088	1,719,910	1,556,376
Revenues from Cities, Counties, and Towns	1,263	119,490	—	—	—	120,753	106,506
Private Donations, Gifts, and Contracts	4,501	1,417	—	—	114	6,032	950
Contributions	—	—	—	—	67,144	67,144	61,526
Other	14,153	118,791	—	—	24,991	157,935	127,133
Total Revenues	5,453,159	3,910,682	3,211	19,827	401,661	9,788,540	9,420,806
Expenditures:							
Current:							
General Government	309,699	42,419	—	—	50,588	402,706	379,066
Education	2,226,785	242,595	—	—	1,919	2,471,299	2,321,745
Transportation	4,446	1,878,018	—	—	—	1,882,464	1,787,233
Resources and Economic Development	208,549	177,825	—	—	8,195	394,569	340,087
Individual and Family Services	1,258,127	1,476,670	—	—	191,918	2,926,715	2,499,035
Administration of Justice	954,085	17,105	—	—	8,460	979,650	861,541
Capital Projects	52,965	14,777	—	157,948	513	226,203	205,016
Debt Service:							
Principal Retirement	—	—	27,977	—	—	27,977	25,119
Interest and Charges	—	—	71,281	—	—	71,281	43,956
Total Expenditures	5,014,656	3,849,409	99,258	157,948	261,593	9,382,864	8,462,798
Revenues Over (Under) Expenditures	438,503	61,273	(96,047)	(138,121)	140,068	405,676	958,008
Other Financing Sources (Uses):							
Transfers:							
Operating Transfers In	772,289	2,117,138	95,281	42,523	39,781	3,067,012	3,052,967
Operating Transfers Out	(1,770,564)	(2,208,301)	—	(11,012)	(53,390)	(4,043,267)	(3,968,468)
ABC Profit	23,911	—	—	—	—	23,911	24,422
Appropriations Act	49,715	(18,573)	(1)	(20)	(4,115)	27,006	9,064
Proceeds from Capital Leases	357	956	—	—	—	1,313	407
Proceeds from Sale of Bonds	—	200,000	—	—	—	200,000	347,264
Proceeds of Refunding Bonds	—	—	—	—	—	—	8,565
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—	(8,565)
Debt Defeasance	—	—	—	—	—	—	(875)
Gain on Debt Defeasance	—	—	—	—	—	—	52
Total Other Financing Sources (Uses)	(924,292)	91,220	95,280	31,491	(17,724)	(724,025)	(535,167)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(485,789)	152,493	(767)	(106,630)	122,344	(318,349)	422,841
Fund Balance, July 1	346,202	959,612	41,339	240,908	1,145,469	2,733,530	2,310,689
Fund Balance (Deficit), June 30	$ (139,587)	$ 1,112,105	$ 40,572	$ 134,278	$ 1,267,813	$ 2,415,181	$ 2,733,530

The accompanying notes are an integral part of this financial statement.

School-age children get the straight facts on substance abuse from uniformed law enforcement officers through the Drug Abuse Resistance Education (DARE) Program.

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Budgetary Basis General and Special Revenue Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Individual and Fiduciary Income	$ 3,238,200	$ 3,082,187	$ (156,013)
Sales and Use	1,355,700	1,357,648	1,948
Corporation Income	331,200	310,422	(20,778)
Public Service Corporations	101,800	101,591	(209)
Premiums of Insurance Companies	173,100	178,619	5,519
Motor Fuel	—	—	—
Other	264,900	274,294	9,394
Rights and Privileges	18,400	20,334	1,934
Assessments and Receipts for Support of Special Services	700	595	(105)
Institutional Revenue	2,700	2,850	150
Interest, Dividends, and Rents	95,400	101,975	6,575
Fines, Forfeitures, Court Fees, Penalties, and Escheats	43,000	46,554	3,554
Federal Grants and Contracts	—	—	—
Receipts from Cities, Counties, and Towns	1,200	1,265	65
Private Donations, Gifts, and Contracts	4,500	4,501	1
Other	13,500	32,709	19,209
Total Revenues	5,644,300	5,515,544	(128,756)
Expenditures:			
Current:			
General Government	376,148	314,159	61,989
Education	2,296,668	2,290,713	5,955
Transportation	11,285	10,064	1,221
Resources and Economic Development	236,289	220,605	15,684
Individual and Family Services	1,269,764	1,259,705	10,059
Administration of Justice	958,502	948,133	10,369
Capital Outlay	55,038	55,038	—
Total Expenditures	5,203,694	5,098,417	105,277
Revenues Over (Under) Expenditures	440,606	417,127	(23,479)
Other Financing Sources (Uses):			
Transfers:			
ABC Profit	25,700	27,454	1,754
Appropriations Act	59,074	31,455	(27,619)
Operating Transfers In	496,783	902,141	405,358
Operating Transfers Out	(1,187,531)	(1,598,640)	(411,109)
Proceeds from Sale of Bonds	—	—	—
Total Other Financing Sources (Uses)	(605,974)	(637,590)	(31,616)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(165,368)	(220,463)	(55,095)
Fund Balance, July 1	395,262	395,262	—
Fund Balance, June 30	$ 229,894	$ 174,799	$ (55,095)

The accompanying notes are an integral part of this financial statement.

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ —	$ —	$ —	$ 3,238,200	$ 3,082,187	$ (156,013)
501,946	256,009	(245,937)	1,857,646	1,613,657	(243,989)
—	—	—	331,200	310,422	(20,778)
—	—	—	101,800	101,591	(209)
—	—	—	173,100	178,619	5,519
632,193	629,382	(2,811)	632,193	629,382	(2,811)
66,489	184,795	118,306	331,389	459,089	127,700
401,860	400,298	(1,562)	420,260	420,632	372
41,732	36,721	(5,011)	42,432	37,316	(5,116)
223,252	222,612	(640)	225,952	225,462	(490)
23,307	20,076	(3,231)	118,707	122,051	3,344
4,401	8,498	4,097	47,401	55,052	7,651
1,805,726	1,650,109	(155,617)	1,805,726	1,650,109	(155,617)
66,341	95,656	29,315	67,541	96,921	29,380
1,148	1,422	274	5,648	5,923	275
241,815	165,796	(76,019)	255,315	198,505	(56,810)
4,010,210	3,671,374	(338,836)	9,654,510	9,186,918	(467,592)
71,497	41,717	29,780	447,645	355,876	91,769
339,901	231,636	108,265	2,636,569	2,522,349	114,220
2,423,606	1,851,566	572,040	2,434,891	1,861,630	573,261
217,739	175,385	42,354	454,028	395,990	58,038
1,554,296	1,476,803	77,493	2,824,060	2,736,508	87,552
28,637	17,204	11,433	987,139	965,337	21,802
15,358	15,358	—	70,396	70,396	—
4,651,034	3,809,669	841,365	9,854,728	8,908,086	946,642
(640,824)	(138,295)	502,529	(200,218)	278,832	479,050
—	—	—	25,700	27,454	1,754
(18,544)	(18,544)	—	40,530	12,911	(27,619)
—	2,026,815	2,026,815	496,783	2,928,956	2,432,173
—	(2,058,229)	(2,058,229)	(1,187,531)	(3,656,869)	(2,469,338)
188,959	200,000	11,041	188,959	200,000	11,041
170,415	150,042	(20,373)	(435,559)	(487,548)	(51,989)
(470,409)	11,747	482,156	(635,777)	(208,716)	427,061
676,932	676,932	—	1,072,194	1,072,194	—
$ 206,523	$ 688,679	$ 482,156	$ 436,417	$ 863,478	$ 427,061

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balance All Proprietary Fund Types and Similar Trust Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only) Year Ended	
	Enterprise	Internal Service	Pension Trust	Non-expendable Trust	June 30, 1990	June 30, 1989
Operating Revenues:						
Interest, Dividends, and Rents:						
State	$ —	$ —	$ 732,634	$ —	$ 732,634	$ 581,519
Public Benefit Corporations	429,117	—	—	—	429,117	407,399
Special Allowance Income	8,543	—	—	—	8,543	10,166
Charges for Sales and Services	850,496	542,616	—	—	1,393,112	1,015,019
Contributions	—	—	873,959	10	873,969	795,599
Net Gain on Sale of Investments	—	—	138,225	196	138,421	119,809
Other	4,407	4,657	57	—	9,121	4,259
Total Operating Revenues	1,292,563	547,273	1,744,875	206	3,584,917	2,933,770
Operating Expenses:						
Interest Expense:						
Public Benefit Corporations	334,756	—	—	—	334,756	326,302
Cost of Sales and Services	237,945	51,945	—	—	289,890	272,974
Retirement Benefits	—	—	390,113	—	390,113	348,162
Insurance Claims	—	421,793	—	—	421,793	104,760
Refunds to Former Members	—	—	31,670	—	31,670	28,128
Personal Services	90,023	26,651	5,199	—	121,873	110,564
Contractual Services	72,214	50,618	3,015	—	125,847	119,193
Supplies and Materials	10,050	3,093	136	—	13,279	13,361
Grants and Distributions to Localities	38	12	—	—	50	29
Expendable Equipment	478	263	64	—	805	749
Depreciation	8,471	8,978	181	—	17,630	16,240
Amortization	857	—	—	—	857	1,107
Rent, Insurance, and Other Related Charges	11,831	6,702	868	—	19,401	18,045
Prize Expense	252,356	—	—	—	252,356	205,915
Other	8,819	308	50	—	9,177	5,816
Total Operating Expenses	1,027,838	570,363	431,296	—	2,029,497	1,571,345
Operating Income (Loss):						
State	190,849	(23,090)	1,313,579	206	1,481,544	1,295,400
Public Benefit Corporations	73,876	—	—	—	73,876	67,025
Total Operating Income (Loss)	264,725	(23,090)	1,313,579	206	1,555,420	1,362,425
Nonoperating Revenues (Expenses):						
Net Gain (Loss) on Sale of Investments	—	—	—	—	—	61
Interest, Dividends, and Rents	7,470	5,497	9	—	12,976	6,171
Gain (Loss) on Sale of Fixed Assets	—	(1,601)	—	—	(1,601)	(243)
Grants and Shared Revenue	337	—	—	—	337	234
Other	275	(105)	—	—	170	(36)
Total Nonoperating Revenues (Expenses)	8,082	3,791	9	—	11,882	6,187
Income (Loss) before Transfers	272,807	(19,299)	1,313,588	206	1,567,302	1,368,612
Transfers:						
Operating Transfers In	—	6,500	880,159	6	886,665	710,116
Operating Transfers Out	(166,752)	(385)	(880,159)	—	(1,047,296)	(860,068)
ABC Profit	(23,911)	—	—	—	(23,911)	(24,422)
Appropriations Act	(8,726)	3,158	—	—	(5,568)	(7,739)
Total Transfers	(199,389)	9,273	—	6	(190,110)	(182,113)
Net Income (Loss) before Extraordinary Item	73,418	(10,026)	1,313,588	212	1,377,192	1,186,499
Extraordinary Item:						
Loss on Early Extinguishment of Debt	—	—	—	—	—	(2,175)
Net Income (Loss):						
State	9,472	(10,026)	1,313,588	212	1,313,246	1,128,650
Public Benefit Corporations	63,946	—	—	—	63,946	55,674
Total Net Income (Loss)	73,418	(10,026)	1,313,588	212	1,377,192	1,184,324
Retained Earnings/Fund Balance, July 1:						
State	13,654	61,764	8,709,220	2,240	8,786,878	7,658,228
Public Benefit Corporations	466,427	—	—	—	466,427	410,753
Total Retained Earnings/Fund Balance, July 1	480,081	61,764	8,709,220	2,240	9,253,305	8,068,981
Retained Earnings/Fund Balance, June 30:						
State	23,126	51,738	10,022,808	2,452	10,100,124	8,786,878
Public Benefit Corporations	530,373	—	—	—	530,373	466,427
Total Retained Earnings/Fund Balance, June 30	$ 553,499	$ 51,738	$ 10,022,808	$ 2,452	$ 10,630,497	$ 9,253,305

The accompanying notes are an integral part of this financial statement.

Skilled, timely action is required to identify young children with physical or mental disabilities early in their lives.

Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Non-expendable Trust	June 30, 1990
Cash Flows from Operating Activities:				
Receipts for Sales and Services	$ 820,953	$ 538,264	$ —	$ 1,359,217
Collections of Principal and Interest on Loans	556,624	—	—	556,624
Cash Payments for Loans	(399,380)	—	—	(399,380)
Payments to Suppliers for Goods and Services	(290,035)	(105,746)	—	(395,781)
Payments for Claims and Loss Control	—	(368,927)	—	(368,927)
Payments for Prizes	(228,632)	—	—	(228,632)
Payments to Employees	(78,718)	(30,390)	—	(109,108)
Program Grant Receipts, Net of Disbursements	53,006	—	—	53,006
Contractual Services	(25,022)	—	—	(25,022)
Payments to Insurance Companies, Net of Recoveries	—	(10,407)	—	(10,407)
Cash Receipts for Special Allowance	9,242	—	—	9,242
Payments for Mortgage Servicing Expenses	(6,741)	—	—	(6,741)
Escrow Payments Received/Paid	6,443	—	—	6,443
Receipts for Loan Origination and Guarantee Fees	5,078	—	—	5,078
Payments for Bond Expenses	(3,731)	—	—	(3,731)
Purchase of Default Loans, Net of Default Collections	(2,579)	—	—	(2,579)
Cash Advanced to Third Parties	—	(550)	—	(550)
Contributions Received	—	—	10	10
Other Operating Revenue	5,759	2,821	—	8,580
Net Cash Provided by Operating Activities	422,267	25,065	10	447,342
Cash Flows from Noncapital Financing Activities:				
Payment of Principal and Interest on Bonds and Notes	(597,609)	—	—	(597,609)
Proceeds from Issuance of Bonds and Notes	449,718	—	—	449,718
Net Transfers (to) from Other Funds	(207,849)	4,070	6	(203,773)
Disbursements and Improvements for VPA	(4,886)	—	—	(4,886)
Advances from the Commonwealth, Net of Repayments	6,524	(2,357)	—	4,167
Payment of Debt Issuance Costs	(651)	—	—	(651)
Other Nonoperating Revenue	282	23	—	305
Net Cash Provided by (Used for) Noncapital Financing Activities	(354,471)	1,736	6	(352,729)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(13,064)	(10,679)	—	(23,743)
Payment of Principal and Interest on Bonds and Notes	(5,353)	(2,217)	—	(7,570)
Proceeds from Sale of Bonds and Notes	1,478	3,415	—	4,893
Proceeds from Sale of Fixed Assets	1,813	1,125	—	2,938
Repayments of Purchase Costs of Warehouse	(273)	—	—	(273)
Net Cash Used for Capital and Related Financing Activities	(15,399)	(8,356)	—	(23,755)
Cash Flows from Investing Activities:				
Purchase of Investments	(734,695)	—	(856)	(735,551)
Proceeds from Sales or Maturities of Investments	600,912	—	726	601,638
Interest on Investments	109,724	5,477	—	115,201
Gain on Sale of Investments	—	—	196	196
Net Cash Provided by (Used for) Investing Activities	(24,059)	5,477	66	(18,516)
Net Increase in Cash and Cash Equivalents	28,338	23,922	82	52,342
Cash and Cash Equivalents, July 1	687,729	106,445	91	794,265
Cash and Cash Equivalents, June 30	$ 716,067	$ 130,367	$ 173	$ 846,607

The accompanying notes are an integral part of this financial statement.

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Non-expendable Trust	June 30, 1990
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$ 264,725	$ (23,090)	$ 206	**$ 241,841**
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	8,176	9,628	—	**17,804**
Interest on Bonds and Notes	331,799	—	—	**331,799**
Interest on Investments	(100,964)	—	—	**(100,964)**
Receipts on VPSA Loans	22,016	—	—	**22,016**
Net Funds Applied Against Amounts Due to the Federal Government	(6,775)	—	—	**(6,775)**
Payment of Bond Issuance Expenses	(3,711)	—	—	**(3,711)**
Gain on Sale of Fixed Assets	(1,033)	—	—	**(1,033)**
Gain on Sale of Investments	—	—	(196)	**(196)**
Other Expenses	294	—	—	**294**
Gain on Sale of Inventory	(127)	—	—	**(127)**
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(173,017)	(7,722)	—	**(180,739)**
(Increase) Decrease in Due from Other Funds	—	(2,654)	—	**(2,654)**
(Increase) Decrease in Inventories	(2,421)	(320)	—	**(2,741)**
(Increase) Decrease in Restricted Assets	(70)	—	—	**(70)**
(Increase) Decrease in Prepaid Expenses	(283)	(590)	—	**(873)**
Increase (Decrease) in Accounts Payable, Deposits, and Other Liabilities	9,219	2,629	—	**11,848**
Increase (Decrease) in Prizes Payable	23,693	—	—	**23,693**
Increase (Decrease) in Claims Payable	—	43,039	—	**43,039**
Increase (Decrease) in Due to Other Funds	(2,756)	—	—	**(2,756)**
Increase (Decrease) in Deferred Revenue	(845)	4,040	—	**3,195**
Increase (Decrease) in Capital Lease Obligations	(122)	—	—	**(122)**
Increase (Decrease) in Due to Program Participants	19,897	—	—	**19,897**
Increase (Decrease) in Compensated Absences	127	105	—	**232**
Increase (Decrease) in Contributed Capital	34,445	—	—	**34,445**
Net Cash Provided by Operating Activities	$ 422,267	$ 25,065	$ 10	**$ 447,342**
Reconciliation of Cash, Cash Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	$ 2,125,928	$ 142,129	$ 2,452	**$ 2,270,509**
Petty Cash and Travel Advances	131	108	—	**239**
Less: Investments with Original Maturities Greater than Three Months	1,409,992	11,870	2,279	**1,424,141**
Cash and Cash Equivalents per the Statement of Cash Flows	$ 716,067	$ 130,367	$ 173	**$ 846,607**

Combined Statement of Changes in Fund Balances
Higher Education Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Current Funds		Loan Funds	Endowment and Similar Funds
	Unrestricted	Restricted		
Revenues and Other Additions:				
Unrestricted Current Funds Revenues	$ 1,379,513	$ —	$ —	$ —
Federal Grants and Contracts—Restricted	—	272,737	897	563
State Grants and Contracts—Restricted	—	27,100	—	—
Local Grants and Contracts—Restricted	—	17,101	—	—
Private Gifts, Grants, and Contracts—Restricted	—	107,983	18	8,951
Investment Income	—	2,393	258	255
Endowment Income	—	19,895	80	—
Interest on Loans Receivable	—	—	1,520	—
U.S. Government Advances	—	—	795	—
Expended for Plant Facilities (including $105,628 charged to current funds)	—	—	—	—
Retirement of Indebtedness (including $1,894 charged to current funds)	—	—	—	—
Realized Gain on Investments	—	30	6	17,481
Unrealized Gain on Investments	—	1	—	14,182
Other Sources	—	6,070	1,743	204
Total Revenues and Other Additions	1,379,513	453,310	5,317	41,636
Expenditures and Other Deductions:				
Educational and General Expenditures	1,462,615	422,315	—	—
Auxiliary Enterprise Expenditures	296,268	448	—	—
Hospital Expenditures	514,357	439	—	—
Indirect Costs Recovered	—	49,925	—	—
Refunded to Grantors	—	324	145	—
Loan Cancellations	—	—	1,266	—
Administrative and Collection Costs	—	60	324	—
Expended for Plant Facilities (including non-capitalized expenditures of $26,575)	—	—	—	—
Retirement of Plant Facilities	—	—	—	—
Retirement of Indebtedness	—	—	—	—
Interest on Indebtedness	—	—	—	—
Realized Loss on Investments	—	26	—	50
Other	—	36	5	1,660
Total Expenditures and Other Deductions	2,273,240	473,573	1,740	1,710
Transfers Among Funds:				
Operating Transfers In	1,019,127	35,918	—	—
Mandatory:				
Appropriations Act	(2,868)	—	—	—
Debt Service and Other	(56,788)	231	210	20
Nonmandatory:				
Debt Service and Other	(1,259)	(136)	—	—
(To)/From Other Funds	(44,270)	(15,177)	94	4,056
Total Transfers	913,942	20,836	304	4,076
Extraordinary Item:				
Loss on Debt Defeasance (Note 19)	—	—	—	—
Net Increase (Decrease) for the Year	20,215	573	3,881	44,002
Fund Balance, July 1	159,278	88,111	65,794	523,144
Fund Balance, June 30	$ 179,493	$ 88,684	$ 69,675	$ 567,146

The accompanying notes are an integral part of this financial statement.

Plant Funds				Total
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Year Ended June 30, 1990
$ —	$ —	$ —	$ —	$ 1,379,513
115	—	16	—	274,328
—	—	—	—	27,100
1,582	14	—	468	19,165
7,806	—	1,417	3,283	129,458
812	81	10,825	—	14,624
168	—	—	—	20,143
—	—	—	—	1,520
—	—	—	—	795
—	—	—	240,421	240,421
—	—	—	33,178	33,178
—	—	—	—	17,517
—	—	—	—	14,183
10,149	—	3,712	716	22,594
20,632	95	15,970	278,066	2,194,539
—	—	—	—	1,884,930
—	—	—	—	296,716
—	—	—	—	514,796
—	—	—	—	49,925
—	—	—	—	469
—	—	—	—	1,266
—	—	287	—	671
148,999	12,369	—	—	161,368
—	—	—	26,782	26,782
—	—	31,284	—	31,284
—	—	36,252	—	36,252
—	—	—	—	76
269	104	4,927	—	7,001
149,268	12,473	72,750	26,782	3,011,536
52,234	8,432	21,175	—	1,136,886
(70)	—	(18,500)	—	(21,438)
2,732	71	53,524	—	—
(2,315)	73	3,637	—	—
56,350	3,769	(1,516)	(3,306)	—
108,931	12,345	58,320	(3,306)	1,115,448
—	—	(8,341)	(5,223)	(13,564)
(19,705)	(33)	(6,801)	242,755	284,887
61,163	9,157	124,985	2,543,573	3,575,205
$ 41,458	$ 9,124	$ 118,184	$ 2,786,328	$ 3,860,092

Combined Statement of Current Funds Revenues, Expenditures, and Other Changes Higher Education Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Current Funds		Totals Year Ended	
	Unrestricted	Restricted	June 30, 1990	June 30, 1989
Revenues:				
Student Tuition and Fees	$ 450,526	$ 440	$ 450,966	$ 411,789
Federal Grants and Contracts	44,184	228,222	272,406	231,903
State Grants and Contracts	—	26,551	26,551	54,269
Local Grants and Contracts	2,404	17,416	19,820	20,101
Private Gifts, Grants, and Contracts	8,267	96,803	105,070	79,453
Endowment Income	9,990	13,380	23,370	20,286
Sales and Services of Educational Departments	17,707	51	17,758	14,853
Sales and Services of Auxiliary Enterprises	336,925	—	336,925	317,733
Sales and Services of Hospitals	459,981	—	459,981	381,494
Sales and Services of Independent Operations	—	177	177	121
Sales and Services of Vending Commissions	81	—	81	75
Investment Income	4,382	256	4,638	2,155
Other Sources	45,066	3,757	48,823	25,346
Total Current Revenues	1,379,513	387,053	1,766,566	1,559,578
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	738,177	71,213	809,390	729,076
Research	70,875	187,441	258,316	221,532
Public Service	41,313	41,136	82,449	72,815
Academic Support	179,970	8,901	188,871	182,577
Student Services	77,803	5,492	83,295	76,363
Institutional Support	204,495	4,355	208,850	201,674
Operation and Maintenance of Plant	131,967	103	132,070	127,135
Scholarships and Fellowships	18,015	102,717	120,732	103,630
Financial Assistance for Educational and General Services	—	957	957	182
Total Educational and General	1,462,615	422,315	1,884,930	1,714,984
Mandatory Transfers for Debt Service and Other	9,554	(231)	9,323	5,186
Total Educational and General Expenditures and Mandatory Transfers	1,472,169	422,084	1,894,253	1,720,170
Auxiliary Enterprises:				
Operating Expenditures	296,268	448	296,716	264,583
Mandatory Transfers for Debt Service	30,181	—	30,181	26,026
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	326,449	448	326,897	290,609
Hospitals and Independent Operations:				
Operating Expenditures	514,357	439	514,796	475,546
Mandatory Transfers for Debt Service	19,921	—	19,921	20,130
Total Hospitals and Independent Operations Expenditures and Mandatory Transfers	534,278	439	534,717	495,676
Total Expenditures and Mandatory Transfers	2,332,896	422,971	2,755,867	2,506,455
Other Transfers and Additions (Deductions):				
Operating Transfers In	1,019,127	35,918	1,055,045	985,928
Excess of Restricted Receipts Over Transfers to Revenues	—	16,210	16,210	15,717
Refunded to Grantors	—	(324)	(324)	(207)
Nonmandatory Transfers	(45,529)	(15,313)	(60,842)	(50,904)
Net Increase (Decrease) in Fund Balance	$ 20,215	$ 573	$ 20,788	$ 3,657

The accompanying notes are an integral part of this financial statement.

Notes to the Financial Statements

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Notes to the Financial Statements
June 30, 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The financial statements of the Higher Education Funds have been prepared in conformity with GAAP for colleges and universities as prescribed by the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide.

B. Reporting Entity

For financial reporting purposes, the Commonwealth of Virginia includes all funds and account groups, and all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criterion for including a governmental organization (which is otherwise independent of the reporting entity) in the general purpose financial statements of the reporting entity is the ability of the reporting entity's elected officials to exercise oversight responsibility over the organization. Oversight is derived from the ability of the reporting entity's elected officials to select the governing body of an organization, designate management, and influence operations; from the existence of financial interdependency between the reporting entity and other governmental organizations; and from the reporting entity's accountability for a governmental organization's financial matters. The inclusion of an organization in the general purpose financial statements in no way alters the defined prerogatives of the management of the organization, the organization's charter, statutory authority, or legal characteristics or conditions. The Commonwealth has included in the general purpose financial statements the following organizations (component units) that meet the oversight criteria established by the GASB Codification. The Commonwealth has no legal responsibility for any debt of these organizations. In addition, the Commonwealth does not hold title to any of these organizations' assets nor does it have any right to their surpluses. These component units include the following:

- Virginia Housing Development Authority (VHDA)
- Virginia Education Loan Authority (VELA)
- Virginia International Terminals, Inc. (VIT)
- Virginia Resources Authority (VRA)
- State Education Assistance Authority (SEAA)
- Virginia Public School Authority (VPSA)
- Virginia Public Building Authority (VPBA)
- Center for Innovative Technology (CIT)
- Innovative Technology Authority (ITA)
- Virginia College Building Authority (VCBA)

Only the activity of the VCBA that relates to the financing of equipment purchases by State-supported colleges and universities is included in the financial statements. The VCBA also issues tax-free bonds to provide financial assistance to private institutions of higher education to finance capital construction. This indebtedness does not constitute a debt of the VCBA or of the Commonwealth and is not included in the financial statements. The outstanding principal of the debt of the VCBA issued to assist private institutions was $93,575,000 at June 30, 1990.

The VHDA, VELA, VIT, and VRA have been audited by independent certified public accounting firms and the amounts reported are based solely on the audited financial statements provided by those organizations. The VPBA, VPSA, VCBA, CIT, ITA, and SEAA have been audited by the Auditor of Public Accounts of the Commonwealth of Virginia. The VPSA, VELA, VHDA, VIT, VRA, and SEAA are reported entirely within Enterprise Funds — Public Benefit Corporations. The activity of the VPBA is reported in the Debt Service and Capital Projects Funds, and the related long-term debt is reported in the General Long-Term Debt Account Group, and the related fixed assets in the General Fixed Assets Account Group. The operations of the CIT and ITA are reported in the Higher Education Fund, as is the activity of the VCBA relating to State-supported institutions of higher education.

Furthermore, in compliance with the GASB Codification, the Commonwealth discloses two types of organizations which have been excluded from the reporting entity.

(1.) Authorities created by the State, with Boards appointed by the Governor, where the Commonwealth provides no funding and has no claim to surpluses, no significant influence over operations, and no responsibility for the Authorities' debt are:

a. The Virginia Small Business Financing Authority (VSBFA), which was created by the Virginia Small Business Financing Act of 1984 (Chapter 28, Title 9, *Code of Virginia*) to assist small

businesses in the Commonwealth in obtaining financing for new business or the expansion of existing business. The VSBFA can provide financial assistance to small business by providing loans, guarantees, insurance and other assistance, thereby encouraging the investment of private capital in small business in the Commonwealth. The VSBFA has been issuing debt since December, 1984. The outstanding principal of these bonds at June 30, 1990, was $96,104,027. Also, the VSBFA guarantees loans made to small businesses by banks. The VSBFA's liability for the total of all loans guaranteed is limited to its net assets. As of June 30, 1990, the VSBFA had loan guarantees totaling $1,406,144 and net assets of approximately $1,073,412.

b. The Virginia Agricultural Development Authority which was created by the Virginia Development Authority Act of 1981 (Chapter 5.1, Title 3.1, *Code of Virginia*) to assist in providing credit for the purchase of farm equipment and real estate at interest rates lower than those available in the conventional farm credit markets. This objective is accomplished by (1) making loans to lenders for use by those lenders in making loans for agricultural enterprises and (2) purchasing existing loans from lending institutions. The Authority had one debt issuance in April, 1983. The outstanding principal of this debt at June 30, 1990, was $1,122,000.

(2.) Non-State agencies have also been excluded from the reporting entity. These agencies fall into two categories: (1) public and private non-profit organizations and (2) industrial development authorities.

State funding provided to the public and private non-profit organizations is discretionary or subject to the eligibility rules governing funding support. Private non-profit organizations are governed and controlled by their boards, members, or by-laws with no provision for Commonwealth control and, for several of these entities, the assets remaining at dissolution are to be transferred to other non-profit organizations. The public non-profit organizations are local governments which receive funding under State programs.

Industrial development authorities have been excluded because they are specifically created and operated by actions of local governments, receive no Commonwealth support, and assets rest with the creating local governments upon dissolution.

C. Fund Structure

The accompanying financial statements are presented in four classifications of funds and two account groups. The fund classifications include governmental funds, proprietary funds, fiduciary funds, and the Higher Education Fund. Account groups are presented for general fixed assets and general long-term debt. The fund classifications and a description of each existing fund type and account group follow:

(1.) **Governmental Funds**

Transactions related to the acquisition, use, and balances of the government's expendable financial resources received and used for those services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in governmental funds. The governmental fund measurement focus is based upon determination of financial position (sources, uses, and balances of financial resources), rather than on net income determination. Governmental funds include:

a. **General Fund**—Accounts for transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund. These services include general government, legislative, public safety, judicial, health and mental health, human resources, licensing and regulation, and primary and secondary education.

b. **Special Revenue Funds**—Account for transactions related to resources received and used for restricted or specific purposes. The Special Revenue Funds include transactions related to resources used in support of public health services, social service programs, agriculture, state park services, and highway maintenance and construction. There are 118 individual special revenue funds, and they are combined on a functional basis for financial reporting in accordance with Section 2600 of the GASB Codification.

c. **Debt Service Fund**—Accounts for transactions related to resources retained and used for the payment of interest and principal on those long-term obligations recorded in the General Long-Term Debt Account Group.

d. **Capital Projects Fund**—Accounts for transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds. The primary source of funding for this fund is the proceeds of bond

issues used principally for highway construction and the construction and improvement of correctional facilities and Virginia port facilities.

(2.) **Proprietary Funds**

Transactions related to commercial activities operated by the Commonwealth are accounted for in the proprietary funds. Proprietary funds include Enterprise Funds and Internal Service Funds. The Enterprise Funds are separated into State and Public Benefit Corporations. Proprietary funds differ from governmental funds in that their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. The activities comprising the proprietary funds include the following:

a. **Enterprise Funds**

1. **Enterprise Funds–State**—Account for transactions related to resources received and used for financing self-supporting activities of the Commonwealth that offer products and services on a user-charge basis to the general public. These funds reflect the activities of:

- The State Lottery Department, which operates the Commonwealth's lotteries pursuant to the State Lottery Law;
- The Department of Alcoholic Beverage Control (ABC), which operates facilities for the distribution and sale of distilled spirits and wine to the general public, and enforces the Commonwealth's alcoholic beverage statutes;
- The Virginia Industries for the Blind (VIB), a unit within the Virginia Department for the Visually Handicapped, which manufactures products for sale to federal, state, and local governments, certain private organizations, and the general public;
- The gift shop and food services activities of the Virginia Museum of Fine Arts; and
- The Division of Legislative Services, which accounts for sales of *The Virginia Register*, a publication which lists all proposed and final State agency regulations.

2. **Enterprise Funds–Public Benefit Corporations**—Account for transactions of proprietary type component units considered part of the reporting entity for financial reporting purposes pursuant to the provisions of Section 2100 of the GASB Codification. The Commonwealth has no legal responsibility for the debt of Public Benefit Corporations. In addition, the Commonwealth does not hold title to any of these organizations' assets nor does it have any right to their surpluses. The Public Benefit Corporations include the following:

- Virginia Housing Development Authority which is empowered by the *Code of Virginia* to finance housing intended for occupancy or ownership, or both, by families of low and moderate income;
- Virginia Education Loan Authority which is empowered by the *Code of Virginia* to provide loans to eligible students at institutions of higher education and vocational schools;
- Virginia International Terminals, Incorporated, which operates several marine terminals for the Virginia Port Authority;
- Virginia Resources Authority which encourages the investment of both public and private funds in the water and sewer projects of local governments. The VRA also issues debt for the purpose of making loan and grant funds available to finance these projects;
- State Education Assistance Authority which guarantees student loans provided to residents by financial institutions of the Commonwealth through a program administered by the federal government; and
- Virginia Public School Authority which issues bonds to finance capital projects of schools in the cities, counties, and towns of the Commonwealth.

b. **Internal Service Funds**—Account for transactions related to the financing and sale of goods or services provided by agencies of the Commonwealth to other agencies and institutions of the Commonwealth. The goods and

services furnished are charged to the recipient agency or institution on a cost-reimbursement basis.

(3.) **Fiduciary Funds**

Transactions related to assets held in a trust or agency capacity by the Commonwealth are accounted for in fiduciary funds. The Commonwealth's fiduciary funds include Pension Trusts, Nonexpendable Trust, Expendable Trusts, and Agency Funds as follows:

a. **Pension Trust Funds**—Account for the transactions of Commonwealth-administered retirement systems (see Note 9).

b. **Nonexpendable Trust Fund**—Accounts for the transactions of the trust of the Virginia Museum of Fine Arts whose principal must be maintained intact and whose income is used to fund the activity of the expendable trusts at the Museum.

c. **Expendable Trust Funds**—Account for the transactions of trusts whose principal and income may be used for the purposes of the trust. These trusts include those for educational programs at museums, funds for unemployment, and realty loans for low and moderate income farmers. There are 44 expendable trust funds of the Commonwealth which are combined on a functional basis for financial reporting in accordance with Section 2600 of the GASB Codification.

d. **Agency Funds**—Account for amounts held in trust by the Commonwealth for others. Agency funds include those funds established to account for the collection of taxes and fees for distribution to localities and other states, employee benefits, the deferred compensation plan, deposits of insurance carriers, and investments of local governments held by the State Treasurer.

(4.) **Account Groups**

Account groups are used to establish accounting control over the Commonwealth's general fixed assets, the unmatured principal of its general long-term debt, and other long-term obligations of governmental funds. General fixed assets do not represent financial resources available for appropriation and expenditure, nor does the unmatured principal of general long-term debt and other long-term obligations require current appropriation and expenditure of governmental fund financial resources.

a. **General Fixed Assets Account Group** — Accounts for fixed assets of the governmental fund types and similar trust funds. Fixed assets of the proprietary funds and similar trust funds and the Higher Education Fund are accounted for in their respective funds.

b. **General Long-Term Debt Account Group** — Accounts for obligations that are not recorded as current liabilities in governmental funds. These obligations include those that are backed by the full faith and credit of the Commonwealth—unmatured and unredeemed long-term general obligation bonds payable, obligations for accrued employee sick and vacation leave, insurance claims payable, and capital lease obligations—as well as those obligations of the Virginia Public Building Authority, the Virginia Port Authority, the Innovative Technology Authority, and the Norfolk-Virginia Beach Toll Road which are not backed by the Commonwealth, but are included in the Commonwealth's reporting entity. Unmatured long-term debt relating to obligations of the proprietary funds and similar trust funds and the Higher Education Fund is accounted for within the respective funds.

(5.) **Higher Education Fund**

The Higher Education Fund accounts for transactions related to resources received and used for the operation of the Commonwealth's institutions of higher education and related medical teaching hospitals. The Higher Education Fund is an aggregation of the following funds:

a. **Current Funds**—Account for resources that will be expended for operating purposes. Funds over which the governing boards retain full control are accounted for as current unrestricted. Current restricted funds may only be utilized in accordance with externally-restricted purposes.

b. **Loan, Endowment, and Agency Funds**—Account for assets held in a fiduciary capacity.

c. **Plant Funds**—Account for assets that have been or will be invested in property, plant, and equipment and that are reserved to retire debt issued to finance plant facilities.

D. **Basis of Accounting for Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus (modified accrual basis). With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All proprietary, nonexpendable trust, and pension trust funds are accounted for on a flow of economic resources measurement focus (accrual basis). With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

Governmental Fund Types, Expendable Trust Funds, and Agency Funds—The accounts of the General, Special Revenue, Debt Service, Capital Projects, and Expendable Trust Funds are presented on a modified accrual basis. Under the modified accrual basis of accounting, revenues and other financial resources are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. Material revenues susceptible to accrual include federal grants and income and sales taxes. Expenditures and other uses of financial resources are recognized when the related liability is incurred, except for items that are not planned to be liquidated with expendable available resources, such as the long-term portion of the liability for compensated absences and capital lease obligations. Agency funds are also accounted for on a modified accrual basis, but do not recognize revenues and expenditures. Agency funds account for assets received and disbursed by a government in its capacity as an agent for individuals, businesses, or other governments.

Proprietary Fund Types, Pension and Nonexpendable Trust Funds—The accounts of these funds are presented on the accrual basis. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

Higher Education Fund—The accounts of this fund are presented on an accrual basis with the exception of the following:

(1.) Depreciation expense is not recorded on plant fund assets; and

(2.) Revenues and expenditures of an academic term which is conducted over a fiscal year end are reported totally in the fiscal year in which the program is predominately conducted.

E. **Budgetary Process**

Budgetary amounts shown in the financial statements represent the total of the original budgeted amounts and all supplemental appropriations. Unexpended appropriations at the end of the fiscal year generally lapse. The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly. The Governor, as required by the *Code of Virginia*, submits a budget composed of all proposed expenditures for the State, and of estimated revenues and borrowings for a biennium to the General Assembly. Budgets are adopted for the General and Special Revenue Funds. Formal budgetary integration is not employed for the Capital Project and Debt Service Funds because effective budgetary control is alternatively achieved through General and Special Revenue Funds. Budgeted expenditures of the General and Special Revenue Funds are made pursuant to appropriations in the annual budget, as approved by the General Assembly and signed into law by the Governor. The aggregate amount of the biennial budget is the legal level of budgetary control. For management control purposes, the budget is controlled at the program level. The Governor may transfer an appropriation within a State agency or from one State agency to another, provided that total fund appropriations, as contained within the budget, are not exceeded. Increases in General Fund appropriations must be approved by the General Assembly.

Appropriations for programs funded from Special Revenue Funds may allow expenditures in excess of the original appropriations to the extent that revenues of the funds exceed original budget estimates and such additional expenditures are approved by the Governor through supplemental appropriations.

F. **Receivables**

Receivables in the governmental funds consist primarily of the accrual of taxes and federal revenue and receivables of the State's mental health, mental retardation, and substance abuse facilities. Receivables of the Enterprise Funds are loans of the Public Benefit Corporations. Receivables of Trust and Agency Funds are primarily the accrual of member and employer contributions in the Pension Trust Funds and the accrual of local sales taxes in the Agency Funds. Higher Education receivables are primarily receivables of the State's teaching hospitals. Receivables are recorded net of allowances for doubtful accounts.

G. **Loans Receivable from Proprietary Funds**

Long-term loans receivable of the General Fund (Loans Receivable From Proprietary Funds) represent working capital advances to Enterprise Funds and loans to Internal Service Funds to finance inventories, provide working capital, and provide collateral for the Commonwealth's indebtedness under its workers' compensation insurance policy.

The long-term loans receivable of the Special Revenue Funds represent loans to localities for school construction.

H. **Investments**

Investments are principally comprised of monies held by Public Benefit Corporations, the endowment funds of Higher Education institutions, and Pension Trust Funds; and monies held by the State Treasurer for the General Fund, Special Revenue Funds, Capital Projects Fund, and Agency Funds.

Investments of the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund are valued at cost.

Investments of the Virginia Supplemental Retirement System (VSRS), except for common stocks, preferred stocks, and real estate pool participations, are stated at cost or amortized cost and are reflected in the Pension Trust Funds. Common stocks and preferred stocks are carried at the lower of cost or market. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold. Real estate pool participations are carried at values adjusted to recognize the VSRS's share of net income or loss in the period in which they are reported by the pools.

Investments held by the Public Benefit Corporations are carried at amortized cost rather than at the lower of cost or market, in that it is generally management's intention to hold them to maturity. Investments of the Virginia Resources Authority are carried at cost.

Investments of several institutions of Higher Education reflected in the Higher Education Fund are valued at market value. Mortgages held for investment are recorded at book value, representing principal amounts due. Investments in real estate are recorded at book value. Gifts are recorded at fair market value at the date of acquisition.

Investments of the Deferred Compensation Plan, in agency funds, are valued at market value.

I. **Inventories**

Inventories of materials and supplies of the governmental funds are recorded as expenditures when purchased. At year end, the General Fund had no significant amounts of inventory. The Special Revenue Funds maintain inventories at cost using the first-in first-out (FIFO) methodology. Inventories maintained by the Public Benefit Corporations and Internal Service Funds are stated at the lower of cost or market value using FIFO methodology. The Department of Alcoholic Beverage Control and the Expendable Trusts administered by the Department of Corrections maintain inventories at the lower of average cost or market. The Virginia Industries for the Blind maintains inventories at cost using FIFO methodology. The Virginia Museum of Fine Arts also maintains inventories at cost using FIFO methodology. Institutions of Higher Education use several methods for costing inventories, including cost using FIFO methodology, and the lower of cost or market using FIFO or weighted average methodology.

J. **Property, Plant, and Equipment**

Fixed assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the General Fixed Assets Account Group. For financial reporting purposes, depreciation is not recorded on general fixed assets. Fixed assets of the proprietary funds are capitalized in the fund in which they are utilized and depreciated on the straight-line basis over their useful lives. Fixed assets of colleges and universities are capitalized in the Higher Education Fund. Depreciation is not provided on these assets.

Fixed assets are stated at historical cost or, in some instances, estimated historical cost. Donated fixed assets are stated at fair market value at the time of donation. The Commonwealth capitalizes all fixed assets which have a value or cost in excess of $500 at the date of acquisition and have an expected useful life of two or more years. Infrastructures, including highways, bridges, and rights-of-way, are not capitalized. The estimated lives of fixed assets are as follows:

	Years
Buildings –	20-50
Equipment	2-20
Improvements other than Buildings	5-20

K. **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, may be utilized by the State's agencies and universities as an extension of formal budgetary integration in the

Commonwealth's accounting system. Because the *Code of Virginia* does not permit the continuance of spending authority beyond the balance sheet date, encumbered amounts are eliminated at the end of the year and, accordingly, are not included in the accompanying financial statements.

L. **Tax Refunds Payable**

Tax refunds payable represent refunds due on tax returns filed for the calendar year ended December 31, 1989. The tax return deadline is May 1 of each year for the preceding calendar year.

M. **Claims Payable**

Claims payable represents insurance claims payable at June 30, 1990. This includes both actual claims submitted as well as claims incurred but not reported for health, automobile, workers' compensation, and general liability insurance. Health insurance claims are reported in the Health Care Internal Service Fund. Claims relating to the Commonwealth's other self-insurance programs are reported in the Risk Management Internal Service Fund to the extent there is equity in that fund. The remainder is reported in the General Long-Term Debt Account Group. Claims incurred but not reported are actuarially determined except those for health insurance, which have been estimated by the Department of Personnel and Training.

N. **Deferred Revenue**

Deferred revenue represents monies received or revenues accrued but not earned as of June 30, 1990. The majority of this amount is reported in the Higher Education Funds, where it is primarily composed of revenue for student tuition accrued in advance of the semester. In the Enterprise Funds, it represents the deferral of fees related to mortgage loans, and in the Special Revenue Funds, it is composed primarily of federal grant money received but not spent.

O. **Deferred Credit**

The deferred credit represents the deferral of income taxes withheld during the period January through June, 1990, that have not met the revenue recognition criteria and may ultimately be refunded upon the filing of income tax returns in subsequent years. This amount is calculated annually using statistical data derived from income taxes filed in previous years.

P. **Long-Term Liabilities**

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. Expenditures for principal and interest payments for governmental fund general obligation bonds and revenue bonds are recognized in the Debt Service Fund when paid. Long-term liabilities expected to be financed from the proprietary funds and the Higher Education Fund, as well as the related interest payments, are accounted for in those funds (see Note 14).

Q. **Reserved Fund Balance**

Reserved fund balance indicates that portion of fund balance which is not available to fund operations or is legally segregated for specific future use.

R. **Unreserved, Designated Fund Balances**

Designations of fund balance are established to reflect tentative plans for future utilization of current financial resources. It is the policy of the Commonwealth to designate the portion of fund balance set aside by the General Assembly through the Appropriations Act to fund tentative but approved future plans. For years ending in the middle of a biennium, unexpended appropriations approved by the Governor to be used to fund expenditures of the ensuing fiscal year are also reflected through a designation of fund balance. It is the policy of the Commonwealth to limit such designations in the event that their accumulation and presentation would cause a negative unreserved, undesignated fund balance to occur.

S. **Unreserved, Undesignated Fund Balance**

The unreserved, undesignated budgetary basis fund balance is the amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated fund balance described in Note 1.Q and 1.R above.

T. **Accrued Vacation and Sick Leave Policy**

Employees accrue annual leave at a rate of four to seven hours semimonthly, depending on their length of service. The maximum accumulation is dependent upon years of service, but in no case may it exceed 42 days. Sick leave is accrued at a rate of five hours semimonthly. Employees who leave State service after a minimum of five years employment receive the lesser of 25 percent of the value of their accumulated sick leave at their current earnings rate or $2,500. All employees leaving State service are paid for accrued vacation leave up to the maximum calendar year limit at their current earnings rate. In conformance with Section C60 of the GASB Codification, the monetary value of accumulated annual and sick leave payable upon termination is included in the accompanying financial statements. In the governmental fund types,

amounts to be paid from expendable available resources are recognized as fund liabilities in the applicable governmental fund types. Amounts not payable from expendable available resources are reflected in the General Long-Term Debt Account Group. All amounts related to the proprietary funds and similar trust funds and the Higher Education Fund are recognized in those funds. The liability at June 30, 1990, was computed using salary rates effective at that date, and represents vacation, sick, and compensatory leave earned up to the allowable ceilings.

U. Total Columns on Combined Statements

The total columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Information in these columns does not present consolidated financial position, results of operations, or changes in financial position. Interfund balances and transactions have not been eliminated.

Additionally, the 1989 totals presented in the "Memorandum Only" columns are included to provide a summarized comparison with comparable 1990 amounts and are not intended to present all information necessary for a fair presentation of financial position and results of operations in accordance with generally accepted accounting principles.

2. DEFICIT FUND BALANCE

The General Fund ended fiscal year 1990 with a deficit fund balance of $139.6 million. This is the result of expenditures exceeding revenues and fund balance at July 1, 1989, calculated under the modified accrual basis of accounting.

3. APPROPRIATIONS

The amounts presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — Budgetary Basis — General and Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles the original appropriated budget to the final adjusted budget for the General Fund and all Special Revenue Funds:

(Dollars in Thousands)	General Fund	Special Revenue Funds
Original Appropriation (1)	$ 5,774,126	$ 3,503,043
Supplemental Appropriations:		
Reappropriations (2)	29,222	8,630
Subsequent Executive (3)	(16,223)	842,732
Subsequent Legislative (4)	292,511	289,165
Transfers (5)	(875,942)	7,464
Appropriations, as adjusted	$ 5,203,694	$ 4,651,034

(1) Represents the original budget appropriated through Chapter 800, 1988 Acts of Assembly.
(2) Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriations Act.
(3) Actions taken by the Governor to reduce appropriations in response to a projected shortfall in revenue (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
(4) Actions taken by the General Assembly to adjust the original budget, through Chapter 668 and Chapter 640, 1989 Acts of Assembly, Chapter 10, 1989 Acts of Assembly (Special Session), and Chapter 880, 1990 Acts of Assembly.
(5) Represents transfers required by the Appropriations Act.

4. GENERAL FUND ANALYSIS — BUDGETARY BASIS

Analysis of General Fund Balance — Budgetary Basis Available for Appropriation on July 1, 1990

The following schedule represents reservations and designations of General Fund balance on a budgetary basis as presented in the Preliminary Annual Report.

(Dollars in Thousands)		
Fund Balance at June 30, 1990		$ 174,799
Reserved for Long-Term Working Capital Advances to Internal Service Funds, Chapter 880, 1990 Acts of Assembly, Section 3-3.01	$ 830	
Reserved for Long-Term Loan to the Department of Alcoholic Beverage Control, Chapter 880, 1990 Acts of Assembly, Section 3-4.01	1,000	
Reserved for Long-Term Loan to the Department of General Services, Division of Risk Management for Workers' Compensation Collateral	6,667	
Total Reserved Fund Balance		8,497
Unreserved Fund Balance at June 30, 1990		166,302
Amount Required for Reappropriation of 1990 Unexpended Balances:		
Planned Designations:		
Mandatory (Agency) Reappropriations	26,193	
Capital Outlay	71,794	
Amount Required by Chapter 922, 1990 Acts of Assembly–Lottery	68,315	
Amount Required by Chapter 972, 1990 Acts of Assembly (Unappropriated balance)	0	
Total Designations		166,302
Balance Available for Appropriation		$ 0

Analysis of General Fund Revenue

The following schedule provides a comparison of cash basis revenue collections to the official revenue estimate. It also compares budgetary basis revenue, as presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual — Budgetary Basis, to cash basis revenue.

(Dollars in Thousands)

	Official Revenue Estimate	Cash Basis Revenue	Variance Favorable (Unfavorable)	Budgetary Basis Revenue	Budgetary Basis Over (Under) Cash Basis Revenue
Total Revenue	$ 5,644,300	$ 5,494,884	$ (149,416)	$ 5,515,544	$ 20,660
ABC Profit Transfer	25,700	27,454	1,754	27,454	—
Appropriations Act Transfer	171,874	168,618	(3,256)	31,455	(137,163)[a]
	$ 5,841,874	$ 5,690,956	$ (150,918)	$ 5,574,453	$ (116,503)

(a)	Appropriations Act Transfers recorded as revenue for financial reporting purposes		$ 20,660
	Transfers pursuant to Chapter 668, Sections 3–1.01(G) and (N), 1989 Acts of Assembly which were accrued at June 30, 1989, but not actually received until fiscal year 1990	$ 112,800	
	Reimbursement to the General Fund for amounts paid on behalf of nongeneral fund programs into the Commonwealth's collateral account for workers' compensation, pursuant to Chapter 880, Section 3–1.01(Q) Acts of Assembly	3,703	116,503
	Total		$ 137,163

5. BUDGETARY BASIS VS. GAAP BASIS FUND BALANCE

Since the presentation of financial data on a cash basis differs from that presented under generally accepted accounting principles, a schedule reconciling the fund balance on a cash basis at June 30, 1990, to the fund balance on a modified accrual basis follows. The line item "Literary Fund — Fund Balance" reflects the fund balance of the Literary Fund, which is not subject to the State budget and appropriation process.

Fund Balance Comparison
Budgetary Basis to GAAP Basis
June 30, 1990

(Dollars in Thousands)

	General Fund	All Special Revenue Funds
Fund Balance, Budgetary Basis	$ 174,799	$ 688,679
Literary Fund — Fund Balance	—	401,706
Total Fund Balance, Budgetary Basis	174,799	1,090,385
Adjustments from Budget to GAAP, Undesignated:		
Accrued Revenues:		
Taxes	279,263	96,447
Tax Refunds	(45,684)	—
Other Revenue	12,063	238,318
Deferred Credit	(281,871)	—
Accrued Expenditures	(278,157)	(306,626)
Fund Reclassifications —Budget to GAAP	—	(6,419)
Fund Balance, GAAP Basis	$ (139,587)	$ 1,112,105

6. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Section 2.1–329 of the *Code of Virginia* defines deposits as demand deposits, time deposits, and certificates of deposit; accordingly, amounts held in these depository accounts or instruments are classified as cash on the financial statements. At June 30, 1990, the carrying amount of cash was ($93,284,000), of which $12,138,000 is with trustees. The bank balance was $290,468,000. Cash equivalents are short-term investments held in other accounts with an original maturity of three months or less.

All deposits are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.1–359 et seq. of the *Code of Virginia*. The Act creates a single body of law applicable to providing for the pledge of securities as collateral for public funds on deposit in Virginia financial institutions. Banks are required to pledge collateral with a market value equal to 50% of their public deposits in excess of federal insurance, and savings institutions' pledge requirement for their public deposits in excess of federal insurance is 100%.

Securities pledged by banks and savings and loan institutions, under the Act, are held in escrow for the State Treasury Board at the Federal Reserve Bank of Richmond or a bank or trust company subject to the order of the Treasury Board. In the event a depository bank defaults or becomes insolvent, the Treasury Board first assesses the collateral of the defaulting or insolvent institution and then assesses

the collateral pledged by other public depositories on a statutory based ratio to the extent necessary to satisfy the assessment against the defaulting bank. The collateral pledged by all banks is sufficient to cover the uncollateralized public deposits of any single bank. Upon default or insolvency of a savings institution, the Treasury Board first assesses the institution the amount of public funds on deposit in excess of federal insurance. Then the State Treasurer liquidates the necessary pledged collateral of the institution to reimburse public depositors to the extent of the institution's deposit liability to them.

The Commonwealth is authorized, in accordance with the guidelines set forth in Section 2.1–327 et seq. of the *Code of Virginia*, to invest in the following:

- U.S. government and U.S. government agency securities
- Corporate debt securities
- AAA rated obligations of foreign governments
- Obligations guaranteed by International Bank for Reconstruction and Development, Asian Development Bank and African Development Bank
- Repurchase agreements
- Money market funds

Certain investments held in trust by the Treasurer of Virginia in accordance with bond indentures and resolutions may have more restrictive investment policies. Investment policies of institutions of higher education are established by the institutions' governing boards.

The Board of Trustees of the Virginia Supplemental Retirement System has full power to invest and reinvest the pension trust funds in accordance with the guidelines set forth in Section 51.111–24 et seq. of the *Code of Virginia*. Under these guidelines, the Board is authorized to invest in certain designated interest bearing obligations; prime quality commercial paper; interest bearing time deposits and certificates of deposit; certain port facilities; sites and buildings for occupancy and use by the General Assembly and State agencies in an amount not to exceed one hundred million dollars; and five percent of total trust fund investments in obligations not otherwise permitted under this section. The Board is also authorized to acquire and retain every kind of property and every kind of investment which men of prudence, discretion and intelligence acquire or retain for their own account. Investments in common and preferred stocks are limited to sixty percent of total pension trust fund investments.

Credit risk, as used below, refers to the risk that the Commonwealth may not be able to obtain possession of its investments in the event of default by a counterparty. The three types of credit risk are:

Category 1 — Insured or registered securities or securities held by the Commonwealth or its agent in the Commonwealth's name.

Category 2 — Uninsured and unregistered securities, with the securities held by the counterparty's trust department or agent in the Commonwealth's name.

Category 3 — Uninsured and unregistered securities, with the securities held by the counterparty, or by its trust department or agent but not in the Commonwealth's name.

Investments
June 30, 1990

(Dollars in Thousands)

Type of Securities	Category 1	Category 2	Category 3	Carrying Amount	Market Value
U.S. Government Securities and U.S. Government Agency Securities	$ 3,416,538	$ 105,958	$ 365,724	$ 3,888,220	$ 3,901,526
Money Market Instruments	906,607	3,813	28,081	938,501	939,106
Common and Preferred Stocks	2,687,058	5	46,565	2,733,628	3,343,237
Corporate Notes	262,068	2,319	447	264,834	264,831
Corporate Bonds	2,487,553	—	39,358	2,526,911	2,514,176
Municipal Securities	597,715	—	—	597,715	597,631
Repurchase Agreements	421,411	22,040	379,347	822,798	827,506
Index Funds	442,646	—	391,588	834,234	913,602
	$ 11,221,596	$ 134,135	$ 1,251,110		
Mutual, Money Market, and Index Funds				1,950,358	2,292,684
Reverse Repurchase Agreements				31,488	31,488
Real Estate				714,291	770,790
TBC Pooled Employee Trust Fund				588,307	588,307
Other				257,398	257,766
Total Investments				$16,148,683	$17,242,650

Investments of the VSRS pension trust, social security, and group life insurance funds are included in the Pension Trust, Agency, and Expendable Trust–Administration Funds, respectively.

The investments of the Pension Trust Funds are approximately 60.0% of the investments that are in Category 1, 37.7% of the investments in Category 3, 92.6% of the Mutual, Money Market, and Index Funds, 96.3% of the Real Estate investments, and 13.7% of the Other investments. Additionally, the TBC Pooled Employee Trust Fund

amount is entirely attributable to the Pension Trust Funds. This amount cannot be categorized because the investments are not evidenced by physical securities.

Investments of the Commonwealth held by various institutions in a custodial capacity have been included in those investments scheduled above. Investments with trustees totaled $1.3 billion, of which $733.7 million is held in trust by the U.S. Treasury for the Unemployment Compensation Fund. These investments are included in Cash, Cash Equivalents, and Investments on the Combined Balance Sheet.

The Commonwealth has engaged in reverse repurchase agreements during the course of the fiscal year. Section 2.1–328.8 of the *Code of Virginia* provides the authority and basis for engaging in these transactions. Under the terms of these reverse repurchase agreements, the securities are collateralized in an amount equal to at least 102 percent of the securities' market value, plus all accrued interest. The agreements are classified as Obligations under Reverse Repurchase Agreements on the Combined Balance Sheet.

7. RECEIVABLES

The following schedule details the accounts, loans, taxes, and other receivables presented in the various funds:

Schedule of Receivables
June 30, 1990

(Dollars in Thousands)

	Accounts and Loans Receivable	Taxes Receivable	Other Receivables	Allowance For Doubtful Accounts	Net Accounts Receivable
General Fund	$ 13,371	$ 278,228	$ 1,631	$ (1,275)	$ 291,955
Special Revenue Funds	346,650	96,523	—	(7,186)	435,987
Enterprise Funds — State	8,211	—	—	—	8,211
Enterprise Funds — Public Benefit Corporations	3,394,343	—	51,116	(259)	3,445,200
Internal Service Funds	20,608	—	—	(19)	20,589
Trust and Agency Funds	320,879	42,526	—	(545)	362,860
Higher Education Funds	270,215	—	76,364	(91,297)	255,282
Total Receivables	$ 4,374,277	$ 417,277	$ 129,111	$ (100,581)	$ 4,820,084

8. PROPERTY, PLANT, AND EQUIPMENT

The following schedule presents the changes in the General Fixed Assets Account Group by category:

Schedule of Changes in General Fixed Assets

(Dollars in Thousands)

	Restated Balance July 1, 1989	Acquisitions	Deductions	Balance June 30, 1990
Land	$ 223,007	$ 17,236	$ 567	$ 239,676
Buildings	717,673	68,800	1,744	784,729
Equipment	581,524	90,718	9,444	662,798
Improvements Other than Buildings	164,546	17,098	18	181,626
Construction in Progress	123,033	179,065	62,752	239,346
Total General Fixed Assets	$ 1,809,783	$ 372,917	$ 74,525	$ 2,108,175

The following schedule details fixed assets that are recorded in funds other than the General Fixed Assets Account Group:

Summary of Fixed Assets in Proprietary Funds, Fiduciary Funds, and the Higher Education Fund
June 30, 1990

(Dollars in Thousands)

	Enterprise Funds			Internal Service Funds	Trust and Agency Funds	Higher Education Funds
	State	Public Benefit Corporations	Total			
Land	$ 1,795	$ 2,657	$ 4,452	$ 310	$ —	$ 125,517
Buildings	10,691	21,137	31,828	3,499	—	1,748,641
Equipment	37,056	31,137	68,193	72,345	1,745	1,132,327
Improvements Other than Buildings	—	966	966	61	—	103,063
Construction in Progress	—	—	—	—	9,177	290,095
Livestock	—	—	—	—	—	1,202
Less: Accumulated Depreciation	(22,146)	(15,052)	(37,198)	(54,361)	(915)	—
Total Fixed Assets	$ 27,396	$ 40,845	$ 68,241	$ 21,854	$ 10,007	$ 3,400,845

9. RETIREMENT AND PENSION SYSTEMS

A. Plan Description

The Commonwealth of Virginia contributes to three contributory retirement systems. The Virginia Supplemental Retirement System (VSRS), an agent multiple-employer public employee retirement system (PERS), acts as a common investment and administrative agent for the Commonwealth and political subdivisions in Virginia. (Effective July 1, 1990, VSRS shall be known as the Virginia Retirement System (VRS).) The VSRS, a defined benefit retirement plan, provides retirement benefits to State employees,

teachers, and political subdivision employees. The State Police Officers' Retirement System (SPORS) and the Judicial Retirement System (JRS) are single-employer defined benefit retirement plans. The SPORS provides retirement benefits to Virginia state police officers, and the JRS provides retirement benefits to the Commonwealth's judiciary. All retirement systems are administered by the Virginia Supplemental Retirement System. The information in the following paragraphs pertains only to employees of the Commonwealth. At June 30, 1990, the VSRS, SPORS, and JRS membership consisted of:

	VSRS	SPORS	JRS	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	25,878	336	274	26,488
Active Plan Participants:				
Vested	50,044	1,138	230	51,412
Nonvested	39,645	485	103	40,233
Total	115,567	1,959	607	118,133

The payroll for employees of the Commonwealth covered by the VSRS for the year ended June 30, 1990, was $2,257,813,942 as compared to a total payroll of $3,701,309,439. The payroll for employees covered by the SPORS and the JRS for the year ended June 30, 1990, was $52,401,628 and $27,785,752, respectively, which was also the total payroll.

All full-time, salaried employees of the Commonwealth, with the exception of certain full-time faculty and administrative staff of State colleges and universities who have the option not to participate in the VSRS, participate in the VSRS, SPORS, or JRS. Benefits vest after five years of service. Employees who retire at or after age 55, with at least five years of credited service, are entitled to an annual retirement benefit, payable monthly, for life in an amount equal to 1.5% of the average final salary (AFS) for each year of credited service if AFS is less than $13,200. If AFS is greater than $13,200, the annual retirement benefit, payable monthly, is an amount equal to 1.65% of adjusted AFS for each year of credited service. AFS is defined as the highest consecutive 36 months of salary. Adjusted AFS is AFS less $1,200. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Members of the SPORS may receive a monthly benefit supplement if they retire prior to age 65. Members of the JRS receive 3.5 years of creditable service for each year of actual service for the JRS. The VSRS, SPORS, and JRS also provide death and disability benefits. These benefit provisions and all other requirements are established by State statute.

The Commonwealth pays the 5% of employees' annual salaries that employees are required to contribute to the retirement system. The Commonwealth contributes the remaining amounts necessary to fund the systems using the actuarial basis specified by statute.

B. **Funding Status and Progress**

The amount shown below as the pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits, and is intended to help users assess the funding status of each retirement system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is independent of the funding method used to determine contributions to the retirement systems discussed in Section C of this note.

The pension benefit obligation was determined as part of an actuarial valuation performed as of June 30, 1989. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8 percent a year compounded annually, (b) projected salary increases of 4 percent a year compounded annually, attributed to inflation, (c) additional projected salary increases, graded by age, of approximately 1½ percent a year attributable to seniority/merit, and (d) post-retirement benefit increases of 3½ percent per year. This actuarial valuation is performed on an annual basis. Information from the valuation performed at June 30, 1990, however, is not available to be included in this report.

At June 30, 1989, the total unfunded pension benefit obligations in millions of dollars applicable to the Commonwealth of Virginia were as follows:

	VSRS	SPORS	JRS	Total
Pension benefit obligation:				
Retirees and beneficiaries receiving benefits and terminated employees not yet receiving benefits	$ 1,125.2	$ 43.6	$ 67.2	$ 1,236.0
Current Employees:				
Accumulated employee contributions including allocated investment earnings	599.3	24.2	9.6	633.1
Employer-financed vested	850.4	49.3	31.7	931.4
Employer-financed nonvested	1,407.1	48.0	19.1	1,474.2
Total pension benefit obligation	3,982.0	165.1	127.6	4,274.7
Net assets available for benefits, at cost (market value is $3,285.5, $120.0, and $72.0, respectively)	2,999.6	109.8	65.4	3,174.8
Unfunded pension benefit obligation	$ 982.4	$ 55.3	$ 62.2	$ 1,099.9

C. Contributions Required and Made

The funding policy of the VSRS, SPORS, and JRS provides for periodic employer contributions at actuarially determined rates which will remain relatively level over time as a percentage of payroll, and will accumulate sufficient assets to meet the cost of all basic benefits when due. Contribution rates are developed on a biennial basis using the entry age normal cost method for both normal cost and amortization of the unfunded actuarial accrued liability. Rates necessary to support post-retirement supplements which may be payable in addition to the basic benefits are determined separately on a pay-as-you-go basis. Gains and losses are reflected in the unfunded accrued liability that is being amortized as a level percentage of payroll within a 40-year period.

Significant actuarial assumptions used to compute pension contribution requirements for the fiscal year ended June 30, 1990, were not the same as those used to determine the pension benefit obligation as described in Section B above. Actuarial assumption used to compute pension contribution requirements included a 6½% rate of return on investments and a 4½% salary increase inflation factor. In addition, future post-retirement benefit increases were not anticipated in the contribution requirements.

Total employer contributions of the Commonwealth to the VSRS, SPORS, and JRS for the fiscal year 1990, of $169,561,827, $6,146,711, and $8,608,026, respectively, were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of June 30, 1989. These contributions consisted of the following:

	VSRS	SPORS	JRS
Normal Cost	$ 77,668,877	$ 3,406,101	$ 4,203,979
Amortization of unfunded actuarial accrued liability	69,766,466	1,860,266	2,686,892
Cost of living supplement	22,126,484	880,344	1,717,155
Total Employer Contributions	$169,561,827	$ 6,146,711	$ 8,608,026
Employer Contributions	$169,561,827	$ 6,146,711	$ 8,608,026
Employee Contributions	114,225,605	2,650,350	1,328,005
Total Contributions	$283,787,432	$ 8,797,061	$ 9,936,031

Employer contributions made by the Commonwealth represent 7.51%, 11.73%, and 30.98%, of covered payrolls of the VSRS, SPORS, and JRS, respectively, for the fiscal year. The employee contribution, currently 5% of covered payroll, is paid by the Commonwealth. Also included in the employee contributions for the VSRS and SPORS are additional amounts paid by individuals to reinstate contributions previously paid out. The employee requirement for some individuals covered under the JRS is less than 5% because they were hired before the legislation establishing the 5% employee contribution requirement was enacted. The legislation was not retroactive; therefore, the total employee contribution presented above is less than 5% of covered payroll.

The computations of the pension contribution requirements for fiscal year 1990 were based on the same actuarial assumptions, benefit provisions, actuarial funding method, and other significant factors as used to determine pension contribution requirements in the previous year.

D. Trend Information

Historical trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due, and may be found on page 74 of this report. The standardized measure of the pension obligation is available beginning with fiscal year 1987.

For the year ended June 30, 1989, available assets were sufficient to fund 75.3% of the Commonwealth's pension benefit obligation relating to the VSRS, 66.5% relating to the SPORS, and 51.3% relating to the JRS. Unfunded pension benefit obligations represented 47.4% of the annual payroll for employees of the

Commonwealth covered by the VSRS and 117.2% and 245.9% of the annual payroll for employees covered by the SPORS and the JRS, respectively. Showing unfunded pension benefit obligations as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes.

Employer contributions as a percentage of annual covered payroll are as follows. These contributions were all made in accordance with actuarially determined requirements.

Year Ended June 30	VSRS	SPORS	JRS
1990	7.51%	11.73%	30.98%
1989	7.51%	11.73%	30.98%
1988	7.84%	11.49%	32.08%

Ten-year historical trend information presenting revenues by source and expenses by type for single-employer plans and the agent multiple-employer PERS is presented by the Virginia Supplemental Retirement System's June 30, 1990, component unit financial report.

E. Defined Contribution Plan

Full-time faculty and certain administrative staff of the Commonwealth's colleges and universities may participate in a retirement annuity program through TIAA-CREF Insurance Companies rather than the VSRS. This is a fixed contribution program where the retirement benefits received are based upon the Commonwealth's (7.51%) and employees' (5%) contributions, plus interest and dividends. The Commonwealth pays the required employee contribution.

Individual contracts issued under the plan provide for full and immediate vesting of both the Commonwealth's and the employees' contributions. Total pension costs under this plan were approximately $32,208,798 in fiscal year 1990. Contributions to the TIAA-CREF Insurance Companies were calculated using the base salary amount of approximately $262,580,462. Total payroll for the Commonwealth's colleges and universities for the year ended June 30, 1990, was $1,462,904,869.

F. Component Unit Pension Information

Note 1.B outlines the component units included in the Commonwealth's reporting entity. The Virginia Public Building Authority, the Virginia Public School Authority, and the Virginia College Building Authority have no employees. The Virginia Resources Authority has no pension plan. Separate financial reports of the other component units are publicly available and should be referred to for the pension disclosures required by GASB Statement No. 5. The Virginia Education Loan Authority (VELA) and the State Education Assistance Authority (SEAA) contribute to the Virginia Supplemental Retirement System, an agent multiple-employer public employee retirement system. The pension benefit obligation, net assets available for benefits, and the assets in excess of pension benefit obligation for each entity are as follows:

	VELA	SEAA
Net assets available for benefits at cost	$ 985,688	$ 391,971
Pension benefit obligation	718,865	268,247
Assets in excess of pension benefit obligation	$ 266,823	$ 123,724

Full-time employees of the Virginia Housing Development Authority participate in a defined contribution employees' retirement savings plan administered by the Authority. This is a noncontributory plan where the benefits received are based on the Authority's (8%) contributions, plus interest. Total costs under this plan were $485,302 in fiscal year 1990. Contributions to the plan were calculated using a base salary amount of approximately $6,066,275. The retirement expense is fully funded as incurred, therefore, there are no unfunded future retirement liabilities.

For each component unit, contributions were made in accordance with the actuarially determined requirements.

10. DEFERRED COMPENSATION PLAN

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan is administered by the Investment Department of the Virginia Supplemental Retirement System, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51–111.67:15 et seq. of the *Code of Virginia*. The Investment Department contracts with private corporations or institutions subject to the standards set forth in the Code to provide investment products as well as any other goods and services related to the administration of the deferred compensation plan. The Department of Accounts is responsible for the accounting, reconciliations, and record keeping associated with State employees' enrollment, payment to the plan through payroll deductions, and timely transfer of withheld funds to the trustee designated by the Investment Department for investment. The plan is designed so that each participant retains investment control of his/her individual account. The investment options range from a guaranteed rate of return in the general account to the aggressive growth fund account which seeks growth of capital. The plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to

employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. All assets and liabilities of the plan are stated at market value and are reported in an agency fund.

It is the opinion of the Attorney General that the Commonwealth has no liability for losses under the plan. The plan assets are subject to the claims of the Commonwealth's general creditors; however, to the knowledge of the Attorney General, no assets have been used in the past to satisfy such claims.

11. POST-RETIREMENT BENEFITS

In addition to providing pension benefits, the Commonwealth provides life insurance benefits for retired employees. These benefits are reported in Expendable Trust Funds. The estimated cost of such benefits is accrued over the working lives of the employees through employer contributions. The Commonwealth recognizes the cost of providing these benefits by expensing the annual employer contributions of $7,286,444 and the annual employee contributions, paid by the Commonwealth, of $18,218,560 for fiscal year 1990.

Effective January 1, 1990, the Commonwealth began paying a portion of the cost of health-related insurance benefits for qualifying State retirees under the VSRS, SPORS, and JRS. This pertains to retirees with at least fifteen years creditable full-time service or who were temporary employees of the General Assembly in 1972 and became members of the VSRS from 1972 to 1985. The amount of the credit is $1.50 for each year of creditable service, not to exceed a monthly allowance of $45.

12. SELF-INSURANCE

The Commonwealth provides several types of self-insurance for the benefit of State agencies and institutions and local governmental units. Through its Department of General Services, Division of Risk Management, self-insurance programs for workers' compensation, property, general (tort), and automobile liability are maintained. Also, the Division of Risk Management provides errors and omissions liability insurance and law enforcement professional liability insurance for local governmental units throughout the Commonwealth. All activity of these programs is accounted for in the Risk Management, Internal Service Fund. Interfund premiums are accounted for as quasi-external transactions. In addition, the Commonwealth maintains health care insurance for State employees. This activity is accounted for in the Health Care, Internal Service Fund.

At June 30, 1990, $130.8 million is reported as the estimated claims payable for self-insurance. This figure is reported at gross and does not reflect possible reimbursements for insurance recoveries. This method is used for the purpose of reporting financial disclosures more conservatively. The liability relating to the health care insurance program is recorded in the Health Care Fund. The liability relating to the other self-insurance programs is recorded in the Risk Management, Internal Service Fund to the extent there is equity to cover such liabilities. Any remaining liability is recorded in the General Long-Term Debt Account Group. These estimated losses are based upon actual claims that have been submitted as well as claims incurred but not reported as described in Note 1.M.

For workers' compensation and general liability, the Commonwealth assumes the full risk of claims filed. For property damages, the risk assumed by the Commonwealth is limited to $250,000 per occurrence with an aggregate stop loss of $1,000,000. The risk assumed by the Commonwealth for errors and omissions and law enforcement liability is limited to $1,000,000 per occurrence.

13. COMMITMENTS

A. Highway Construction Projects

At June 30, 1990, the Department of Transportation had contractual commitments of approximately $830 million for construction of various highway projects. Funding of these future expenditures is expected to be provided as follows: (1) Federal Funds — approximately 25.6% or $213 million, (2) State Funds — approximately 73.8% or $612 million, and (3) Proceeds from Bonds — approximately 0.6% or $5 million.

B. Operating Leases

The Commonwealth of Virginia has entered into numerous agreements to lease land, buildings, and equipment. Most of the operating leases contain the provision that the Commonwealth may renew the operating leases at the expiration date of the lease on a month-to-month basis. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases of a similar nature. Rental expense under these operating leases for the year ended June 30, 1990, was $47,345,876. The

Commonwealth has, as of June 30, 1990, the following minimum rental payments due under the above leases:

1991	$ 38,108,056
1992	28,170,108
1993	19,319,455
1994	13,209,580
1995	6,022,369
After 1995	10,374,319
Total	$ 115,203,887

Lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

14. LONG-TERM INDEBTEDNESS

Commonwealth bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(b) provides for general obligation bonds to be issued as authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through State appropriations. Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Both 9(b) and 9(c) bonds are backed by the full faith, credit, and taxing power of the Commonwealth.

Section 9(d) debt is not backed by the full faith, credit, and taxing power of the Commonwealth. This debt may be supported by State appropriations, either in whole or in part, as in the case of the VPA, the VPBA, the VCBA and the ITA. Other 9(d) bonds are payable from funds of the Public Benefit Corporations, or from revenues of specific revenue-producing capital projects, such as the Norfolk-Virginia Beach Toll Road and teaching hospitals, dormitories, student centers, and dining halls at the various State colleges and universities. Additionally, the 9(d) Transportation Bonds are payable solely from revenues, bond proceeds or earnings, and other available sources of funds.

The following schedule presents all bonds payable as reported on the Balance Sheet:

Bonds Outstanding
June 30, 1990

(Dollars in Thousands)

Enterprise Funds:	
Bonds Payable — Public Benefit Corporations	$4,149,557
General Long-Term Debt Account Group:	
General Obligation Bonds Payable	51,445
Transportation Bonds Payable	501,689
Norfolk-Virginia Beach Toll Road Revenue Bonds	9,575
Long-Term Debt of Virginia Port Authority, Virginia Public Building Authority, and Innovative Technology Authority	433,490
Total General Long-Term Debt Account Group Bonds	996,199
Higher Education Fund:	
Higher Education Bonds Payable	610,767
Total Bonds Payable	$5,756,523

General Obligation Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 1978. These bonds were issued to fund specific construction projects relating to correctional, mental health, and park facilities. The following schedule details the annual funding requirements necessary to repay these bonds:

GENERAL OBLIGATION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1991	$ 6,575,000	$ 2,293,968	$ 8,868,968
1992	6,575,000	1,991,517	8,566,517
1993	6,575,000	1,685,780	8,260,780
1994	6,575,000	1,375,111	7,950,111
1995	6,575,000	1,061,155	7,636,155
1996–1998	18,570,000	1,305,012	19,875,012
Total	$ 51,445,000	$ 9,712,543	$ 61,157,543

Transportation Bonds

Transportation bonds include $163,655,165 of 9(c) revenue bonds and $338,033,834 of 9(d) revenue bonds. Principal and interest requirements for the current year totaled $31,476,105. The Section 9(d) Transportation Bonds were issued to finance construction of State Route 28 and State Route 58 and are not considered to be a liability of the Commonwealth. The following schedules detail the annual funding requirements necessary to amortize Transportation 9(c) and 9(d) bonds:

9(c) TRANSPORTATION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1991	$ 4,285,000	$ 8,812,260	$ 13,097,260
1992	6,040,000	8,493,859	14,533,859
1993	6,470,000	8,146,015	14,616,015
1994	6,860,000	7,765,178	14,625,178
1995	7,303,000	7,351,940	14,654,940
1996–2012	157,109,000	72,378,502	229,487,502
Less: Unamortized Discount	(24,411,835)	—	(24,411,835)
Total	$ 163,655,165	$ 112,947,754	$ 276,602,919

9(d) TRANSPORTATION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1991	$ 6,205,000	$ 21,128,455	$ 27,333,455
1992	6,575,000	20,759,935	27,334,935
1993	6,975,000	20,358,960	27,333,960
1994	7,405,000	19,926,597	27,331,597
1995	7,875,000	19,457,960	27,332,960
1996–2019	354,230,000	291,633,858	645,863,858
Less: Unamortized Discount	(51,231,166)	—	(51,231,166)
Total	$ 338,033,834	$ 393,265,765	$ 731,299,599
Total Transportation 9(c) and 9(d) Bonds	$ 501,688,999	$ 506,213,519	$ 1,007,902,518

Higher Education Bonds

Higher Education Bonds are comprised of both 9(c) revenue bonds and 9(d) bonds. Principal and interest requirements for the 9(c) bonds for the current year totaled $29,732,630. Section 9(d) bonds are from several sources as shown below.

College and university bonds backed by pledge of revenue from specific revenue-producing capital projects	$ 238,871,956
College and university debt backed by endowment and other funds derived by gifts and bequests	4,528,183
VCBA debt issued to finance equipment purchases of State-supported colleges and universities	81,035,000
Total Higher Education 9(d) debt	$ 324,435,139

The following schedules detail the annual funding requirements necessary to amortize the Higher Education bonds:

HIGHER EDUCATION—SECTION 9(c)
REVENUE BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1991	$ 17,615,000	$ 19,715,106	$ 37,330,106
1992	18,745,000	18,518,064	37,263,064
1993	17,935,000	16,415,913	34,350,913
1994	18,550,000	15,254,911	33,804,911
1995	18,934,000	14,035,954	32,969,954
1996–2013	219,466,000	74,398,045	293,864,045
Less: Unamortized Discount	(24,913,593)	—	(24,913,593)
Total	$ 286,331,407	$ 158,337,993	$ 444,669,400

HIGHER EDUCATION BONDS—SECTION 9(d)
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1991	$ 42,624,403	$ 20,776,917	$ 63,401,320
1992	30,496,736	18,792,718	49,289,454
1993	28,149,612	16,747,570	44,897,182
1994	25,795,181	14,855,215	40,650,396
1995	9,582,454	13,165,682	22,748,136
1996–2022	187,786,753	142,878,598	330,665,351
Total	$ 324,435,139	$ 227,216,700	$ 551,651,839
Total Higher Education 9(c) and 9(d) Bonds	$ 610,766,546	$ 385,554,693	$ 996,321,239

Norfolk-Virginia Beach Toll Road Revenue Bonds

The State Highway Commission, as authorized by the *Code of Virginia*, has issued Section 9(d) bonds for the construction of the Norfolk-Virginia Beach Toll Road. The following schedule details the annual funding requirements necessary to amortize these bonds:

NORFOLK-VIRGINIA BEACH TOLL REVENUE BONDS
Principal Requirements to Maturity

Calendar Year Maturity	Principal*
1990	$ 430,000
1991	455,000
1992	480,000
1993	500,000
1994	535,000
1995–1999	3,135,000
2000–2004	4,040,000
Total	$ 9,575,000

*Interest payments for these bonds are not available.

Virginia Port Authority, Virginia Public Building Authority and Innovative Technology Authority

The Virginia Port Authority (VPA) has issued Section 9(d) bonds and notes pursuant to powers provided to its Board of Commissioners by the *Code of Virginia*. The Virginia Public Building Authority (VPBA) has issued Section 9(d) bonds for the purpose of acquiring buildings to be leased by agencies of the Commonwealth. The VPBA bonds are not deemed to constitute a liability of the Commonwealth. The Innovative Technology Authority (ITA) has issued $13,300,000 of Taxable Lease Revenue Bonds, Series 1989, to cover a portion of the costs related to the construction of a software development center and office building. This building is reported in the General Fixed Assets Account Group.

The following schedules detail the annual funding requirements necessary to amortize VPA, VPBA, and ITA bonds:

VIRGINIA PORT AUTHORITY DEBT
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1991	$ 8,260,000	$ 10,019,597	$ 18,279,597
1992	7,740,000	9,455,837	17,195,837
1993	8,265,000	8,928,782	17,193,782
1994	8,845,000	8,348,594	17,193,594
1995	9,480,000	7,708,929	17,188,929
1996–2010	88,695,000	54,701,322	143,396,322
Total	$ 131,285,000	$ 99,163,061	$ 230,448,061

VIRGINIA PUBLIC BUILDING AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1991	$ 11,305,000	$ 17,063,798	$ 28,368,798
1992	12,045,000	16,321,677	28,366,677
1993	12,855,000	15,524,173	28,379,173
1994	13,750,000	14,658,959	28,408,959
1995	18,935,000	13,601,677	32,536,677
1996–2012	291,465,000	73,050,697	364,515,697
Less: Unamortized Discounts	(71,450,262)	—	(71,450,262)
Total	$ 288,904,738	$ 150,220,981	$ 439,125,719

INNOVATIVE TECHNOLOGY AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1991	$ 200,000	$ 1,362,925	$ 1,562,925
1992	200,000	1,343,125	1,543,125
1993	200,000	1,323,425	1,523,425
1994	200,000	1,303,625	1,503,625
1995	200,000	1,283,725	1,483,725
1996–2014	12,300,000	16,027,600	28,327,600
Total	$ 13,300,000	$ 22,644,425	$ 35,944,425
Total VPA, VPBA, and ITA Debt	$ 433,489,738	$ 272,028,467	$ 705,518,205

Public Benefit Corporations

The Virginia Housing Development Authority (VHDA), the Virginia Education Loan Authority (VELA), the Virginia Public School Authority (VPSA), and the Virginia Resources Authority (VRA) issue Section 9(d) debt. This debt does not constitute a liability of the Commonwealth. The following schedules detail the annual funding requirements necessary to amortize Public Benefit Corporation bonds:

VIRGINIA HOUSING DEVELOPMENT AUTHORITY BONDS
Principal Requirements to Maturity

Maturity	Principal*
1991	$ 91,200,000
1992	92,330,000
1993	90,059,000
1994	86,695,000
1995	79,466,000
1996–2022	2,774,918,000
Less: Unamortized Discounts and Premiums	(192,831,000)
Total	$ 3,021,837,000

Interest payments for VHDA bonds are not available from the Authority.

VIRGINIA EDUCATION LOAN AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1991	$ 33,810,000	$ 22,689,750	$ 56,499,750
1992	34,970,000	20,029,974	54,999,974
1993	31,900,000	17,246,937	49,146,937
1994	26,610,000	41,531,097	68,141,097
1995	21,250,000	12,732,049	33,982,049
1996–2006	186,115,000	47,403,608	233,518,608
Less: Unamortized Discounts	(245,995)	—	(245,995)
Total	$ 334,409,005	$ 161,633,415	$ 496,042,420

VIRGINIA RESOURCES AUTHORITY BONDS
Principal Requirements to Maturity

Maturity	Principal*
1991	$ 4,330,000
1992	4,725,000
1993	5,035,000
1994	6,155,000
1995	6,140,000
1996–2020	188,080,597
Less: Unamortized Discounts and Issuance Expenses	(4,530,320)
Total	$ 209,935,277

*Interest payments for VRA are not available from the Authority.

VIRGINIA PUBLIC SCHOOL AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1991	$ 43,224,000	$ 39,271,421	$ 82,495,421
1992	41,939,000	36,704,285	78,643,285
1993	42,064,000	34,009,633	76,073,633
1994	42,184,000	31,232,161	73,416,161
1995	40,185,000	28,525,725	68,710,725
1996–2010	373,780,000	167,497,469	541,277,469
Total	$ 583,376,000	$ 337,240,694	$ 920,616,694

Total principal outstanding at June 30, 1990, on all Public Benefit Corporation bonds amounted to $4.1 billion.

Based on the disclosure above of Section 9(b) general obligation bonds, Section 9(c) and 9(d) bonds, the following schedule summarizes all bonds outstanding of the reporting entity by type.

Bonds Outstanding By Type
June 30, 1990

(Dollars in Thousands)

	General Long-Term Debt Account Group	Enterprise-Public Benefit Corporations	Higher Education	Total Bonds Outstanding
Section 9(b) Bonds[1]	$ 51,445	$ —	$ —	$ 51,445
Section 9(c) Bonds[1]	163,655	—	286,332	449,987
Section 9(d) Bonds:				
State Agency Debt:				
Higher Education:				
Institution	—	—	243,400	243,400
VCBA[2]	—	—	81,035	81,035
Transportation:				
Route 28	138,034	—	—	138,034
Route 58	200,000	—	—	200,000
Norfolk-Virginia Beach Toll Road	9,575	—	—	9,575
State Authority Debt:				
VPA	131,285	—	—	131,285
VPBA[2]	288,905	—	—	288,905
ITA[2]	13,300	—	—	13,300
VHDA	—	3,021,837	—	3,021,837
VELA	—	334,409	—	334,409
VRA	—	209,935	—	209,935
VPSA	—	583,376	—	583,376
Total	$996,199	$ 4,149,557	$ 610,767	$ 5,756,523

[1] General obligation debt
[2] 100% State appropriation supported debt

The following schedule summarizes the changes in long-term debt reflected in the General Long-Term Debt Account Group:

Schedule of Changes in General Long-Term Debt

(Dollars in Thousands)

	(Restated) Balance July 1, 1989	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 1990
Long-Term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Article X, Sections 9(b) and 9(c) Bonds:				
Public Facilities Bonds, Series 1978	$ 58,020	$ —	$ 6,575	$ 51,445
Transportation Facilities Bonds, Series 1986 (Powhite Parkway Extension)	78,000	—	—	78,000
Transportation Facilities Bonds, Series 1987A (Dulles Toll Road)	53,900	—	1,640	52,260
Transportation Facilities Bonds, Series 1989A (Dulles Toll Road) (Net of Unamortized Discount of $24,412)	34,348	1,422	2,375	33,395
Total Sections 9(b) and 9(c) Bonds	224,268	1,422	10,590	215,100
Other Long-Term Debt:				
Long-Term Capital Lease Obligations	15,576	4,207	2,094	17,689
Long-Term Portion of the Liability for Compensated Absences	154,862	14,008	—	168,870
Insurance Claims Payable	34,475	—	18,212	16,263
Installment Purchases	16,207	4,316	6,230	14,293
Total Long-Term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth	445,388	23,953	37,126	432,215
Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Norfolk-Virginia Beach Toll Revenue Bonds, Series 1965	10,235	—	660	9,575
Virginia Port Authority Long-Term Debt	139,622	—	8,337	131,285
Virginia Port Authority Installment Purchase Obligations	7,241	—	1,713	5,528
Virginia Public Building Authority Long-Term Debt (Net of Unamortized Discount of $71,450)	291,956	1,859	4,910	288,905
Transportation Contract Revenue Bonds (Route 28 Projects) (Net of Unamortized Discount of $51,231)	139,176	2,338	3,480	138,034
Transportation Bonds (Route 58)	—	200,000	—	200,000
Innovative Technology Authority Taxable Lease Revenue Bonds	13,300	—	—	13,300
Long-Term Notes Payable	4,325	—	—	4,325
Total Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	605,855	204,197	19,100	790,952
Total General Long-Term Debt Account Group	$ 1,051,243	$ 228,150	$ 56,226	$ 1,223,167

Bond Defeasance

On July 13, 1989, the University of Virginia Medical Center issued $68,290,000 of Series E Revenue Refunding Bonds with interest rates ranging from 6 percent to 7 percent to advance refund $60,687,000 of outstanding Series C Revenue Refunding Bonds with interest rates ranging from 8.1 percent to 9.38 percent and $2,811,000 of accrued interest on GAINS securities. The net proceeds, together with funds available from the Construction Fund and the Reserve Account, were used to purchase U.S. government securities and open market obligations. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the 1985 Series C Revenue Refunding Bonds. As a result, the bonds are considered defeased and are not reflected in the accompanying financial statements. Though the advance refunding resulted in the recognition of an accounting loss of $10,529,000 for the year ended June 30, 1990, the University in effect reduced the aggregate debt service obligation by $24,621,000 over the next twenty-three years and obtained an economic gain (difference between the present values of the old and new debt service payments) of $4,196,000.

In December, 1989, the Commonwealth issued $25,835,000 in Higher Educational Institutions Refunding Bonds, Series 1989, with a true interest cost of 6.5059%, to advance refund $8,120,000 of the Commonwealth's $12,820,000 Higher Educational Institutions Bonds, 1982 Series A and B, and $14,680,000 of the $29,065,000 Higher Educational Institutions Bonds, 1984 Series B and C. The net proceeds from the sale of the bonds of $25,568,000, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded bonds. Although the debt defeasance resulted in an accounting loss of $3,035,000, the refunding will reduce total debt service payments over the next thirteen years by $3,145,574 and provide an economic gain of $2,235,398. As a result, these bonds are considered defeased and the liability has been removed from the Higher Education Fund.

Governmental Accounting Standards Board Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 1990, the outstanding balances of bond series that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments are as follows:

(Dollars in Thousands)

General Long-Term Debt:	
1973 Transportation Facilities Bonds	$47,000
1982 Transportation Facilities Bonds—Series 1982	$53,750
1984 UVA Hospital Revenue Bonds—Series A	$38,215
1984 UVA Hospital Revenue Refunding Bonds—Series C	$60,687
1983 MCV Hospital Revenue Bonds—Series B	$20,320
1982 Higher Educational Institutions Bonds—Series A	$ 7,785
1982 Higher Educational Institutions Bonds—Series B	$ 335
1984 Higher Educational Institutions Bonds—Series B	$13,965
1984 Higher Educational Institutions Bonds—Series C	$ 715
1984 State Building Revenue Bonds—1984 Series A	$75,980
1978 Virginia Port Authority Norfolk International Terminals Revenue Bonds	$ 625
Proprietary Fund Debt:	
1980 Virginia Public School Authority—Series 1980A	$ 9,600
1982 Virginia Public School Authority—Series 1982A	$ 2,875
1982 Virginia Public School Authority—Series 1982C	$ 3,400
1984 Virginia Public School Authority—Series 1984A	$ 8,505
1985 Virginia Public School Authority—Series 1985A	$ 6,710

Capital Leases

The Commonwealth of Virginia leases buildings and equipment under various agreements that are accounted for as capital leases. The lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

Gross minimum lease payments, together with the present value of the net minimum lease payments as of June 30, 1990 were:

1991	$ 7,470,300
1992	6,483,846
1993	5,289,744
1994	4,235,085
1995	3,651,867
After 1995	13,612,698
Total Gross Minimum Lease Payments	40,743,540
Less: Amount Representing Executory Costs	2,181,301
Net Minimum Lease Payments	38,562,239
Less: Amount Representing Interest	12,472,006
Present Value of Net Minimum Lease Payments	$ 26,090,233

At June 30, 1990, fixed assets purchased under capital leases were included in property, plant, and equipment as follows. The amounts are net of accumulated depreciation where applicable.

Fund/Account Group	Buildings	Equipment	Total
General Fixed Assets Account Group	$ 17,308,533	$ 4,166,069	$ 21,474,602
Enterprise Funds	438,447	284,962	723,409
Higher Education Funds	2,734,611	11,428,633	14,163,244
Total	$ 20,481,591	$ 15,879,664	$ 36,361,255

Notes Payable

Notes Payable consist of several items as shown below:

VELA Financing Agreement	$ 102,495,759
Transportation Note	4,325,000
Installment Notes	48,626,665
Total Notes Payable	$ 155,447,424

The VELA has entered into a financing agreement dated October 14, 1987. Monthly principal payments are based on student loans collected. Because these student loan collections fluctuate, a repayment schedule cannot be determined. This note matures on October 14, 2002.

The Transportation Note listed above represents a note payable to Fairfax County, Virginia of $4,325,000 which was issued pursuant to the State Revenue Bond Act, Article 5, Title 33.1, *Code of Virginia* to pay for the acquisition and construction of the Dulles Toll Road. This note is to be repaid on December 1, 2008.

Installment notes have been entered into by agencies and institutions of the Commonwealth. These agreements, other than those in the public benefit corporations and

certain institutions of higher education contain nonappropriation clauses indicating that continuation of the installment note is subject to funding by the General Assembly. Presented below is a repayment schedule for installment notes.

1991	$ 15,097,447
1992	14,132,112
1993	10,099,684
1994	5,764,165
1995	2,291,898
After 1995	6,966,460
Less: Interest	(5,725,101)
Net	$ 48,626,665

15. INTERFUND ASSETS/LIABILITIES

Due to/from Other Funds

Due to Other Funds are amounts owed by one fund to another fund for goods sold or services rendered. Due from Other Funds are amounts to be received from one fund by another fund for goods sold or services rendered.

Schedule of Due to/from Other Funds
June 30, 1990

(Dollars in Thousands)

Receivable Fund	Payable Fund	Amount
General	Enterprise—State:	
	State Lottery Department	$ 156,485
	Department of Alcoholic Beverage Control	1,543
Special Revenue:		
Federal	Agency	6,905
Human Resources	General	25,000[a]
Natural Resources	Special Revenue:	
	Human Resources	9,425
Literary	Enterprise—State:	
	Department of Alcoholic Beverage Control	3
Internal Service:	Expendable Trust:	
Health Care	Administration	2,654
Pension Trust	General	1,261
Agency	General	8,297
Higher Education	General	4,133
	Higher Education	42,780
Total		$ 258,486

[a] The $25 million borrowed from various nongeneral funds was authorized under Section 4-1.04(a)(7), Chapter 668, 1989 Acts of Assembly, and provided temporary working capital to the General Fund at year end.

Interfund Receivables/Payables

Interfund receivables/payables are short-term loans made by one fund to another. Interfund receivables are composed of temporary loans made from the Special Revenue Funds to provide resources to initiate programs funded in whole or part by the federal government, to fund approved construction projects in anticipation of permanent financing, or to provide cash in advance of revenue collections.

Schedule of Interfund Receivables/Payables
June 30, 1990

(Dollars in Thousands)

Receivable Fund	Payable Fund	Amount
Special Revenue:	Capital Projects	$ 12,865
Economic Development	Enterprise—State:	
	Department of Alcoholic Beverage Control	15,051
	Virginia Industries for the Blind	500
	Higher Education	6,934
Special Revenue: Transportation and Public Safety	Higher Education	2,622
Total		$ 37,972

Loans Receivable From Proprietary Funds

Long-term loans receivable of the General Fund (Loans Receivable From Proprietary Funds) of $8,497,391 represent working capital advances of $1,000,000 to the Enterprise Funds, $829,976 to the Internal Service Funds to finance inventories and provide working capital, and $6,667,415 to the Internal Service Funds to provide collateral as security for payments of the Commonwealth's indebtedness under its workers' compensation insurance policy for policy years 1983 through 1986. Long-term loans receivable of the Special Revenue Funds of $306,283,790 represent loans to localities for school construction. The notes supporting these loans are transferred to the Virginia Public School Authority, an Enterprise Fund, for use as additional collateral for bonds. The liabilities associated with these advances and loans are reflected in the Enterprise Funds and Internal Service Funds as "Loans Payable."

During its 1984 Session, the General Assembly required that advances originally made of $5,375,000 to the Internal Service Funds be repaid in equal installments over a period ranging from ten to fifteen years. The first repayments were made on July 31, 1984. The $1,000,000 advance to the Enterprise Funds—State represents the unpaid balance at June 30, 1990, of a $10,290,000 loan to the Department of Alcoholic Beverage Control. Pursuant to Chapter 972, 1990 Acts of Assembly, the outstanding balance of this loan is to be repaid by June 30, 1991.

The long-term loan to the Internal Service Fund of the Department of General Services, Division of Risk Management, of $6,667,415 represents amounts loaned to the Division to provide collateral to Traveler's Indemnity Company (Traveler's) as security for payment of the Commonwealth's obligations under its workers' compensation insurance policy with Traveler's for policy years 1983 through 1986. The total amount of the collateral equals $11.8 million and represents the estimated obligation of the Commonwealth under the policy. Pursuant to Section 3-7.01, Chapter 972, 1990 Acts of Assembly, $6,126,107 of

the remaining balance is to be repaid to the General Fund at June 30, 1992. Loans to all proprietary funds are not available for expenditure by the General and Special Revenue Funds and, accordingly, the fund balances of these funds have been reserved.

16. FUND BALANCE RESERVATIONS

Reserved fund balances are as follows:

Schedule of Reserved Fund Balances
June 30, 1990

(Dollars in Thousands)

Reserved/ Restricted For	General Fund	Special Revenue Funds	Debt Service Fund	Pension Trust Funds	Non-expendable Trust	Higher Education Funds
Working Capital Advances and Loans	$ 8,497	$ —	$ —	$ —	$ —	$ —
Literary Fund Loans	—	402,540	—	—	—	—
Debt Service	—	—	40,572	—	—	—
Member Reserve for Pension Benefits	—	—	—	1,719,656	—	—
Employer Reserve for Pension Benefits	—	—	—	8,301,903	—	—
Reserved/ Restricted Gifts, Grants, and Contracts	—	—	—	—	2,452	88,684
Loan Funds	—	—	—	—	—	12,545
Endowment Funds	—	—	—	—	—	146,198
Total Reserved/ Restricted Fund Balances	$ 8,497	$ 402,540	$ 40,572	$ 10,021,559	$ 2,452	$ 247,427

17. CONTRIBUTED CAPITAL

Contributed capital is created when a residual equity transfer is received by a proprietary fund, when a general fixed asset is "transferred" to a proprietary fund or when a grant is received that is externally restricted to capital acquisition or construction. Contributed capital in the Internal Service Funds totaling $5.7 million consists of $1.6 million in General Fund appropriations and $4.1 million in contributed property and equipment. Contributed capital of the Enterprise Funds, both State and Public Benefit Corporations, totaled $75.0 million. The Virginia Industries for the Blind (VIB), a State Enterprise Fund, reported $1.6 million in contributed property and equipment. Two Public Benefit Corporations reported contributed capital: the Virginia International Terminals, Inc. (VIT) and the Virginia Resources Authority (VRA). VIT reported $2.8 million in contributed property and equipment. VRA's contributed capital consists of $46.2 million in transfers from the Commonwealth of Virginia to fund the Virginia Water Facilities Revolving Fund and $24.4 million from the Environmental Protection Agency of the U.S. Government under the Capitalization Grants for State Revolving Funds federal assistance program. The property and equipment in each fund is recorded at historical cost.

Schedule of Changes in Contributed Capital

(Dollars in Thousands)

	Contributed Capital July 1, 1989	Contributions	Contributed Capital June 30, 1990
Enterprise Funds:			
VIB	$ 1,516	$ 134	$ 1,650
VIT	2,769	13	2,782
VRA	36,163	34,445	70,608
Total Enterprise Funds	$ 40,448	$ 34,592	$ 75,040
Internal Service Fund:			
Industrial Enterprises	$ 5,676	$ —	$ 5,676

18. SEGMENT INFORMATION—ENTERPRISE FUNDS

Segment financial information for the Commonwealth's Enterprise Funds as described in Note 1.C, is presented opposite:

Selected Segment Information
For the Fiscal Year Ended June 30, 1990

(Dollars in Thousands)

	State				Public Benefit Corporations						
	State Lottery Department	Department of Alcoholic Beverage Control	Other	Sub-Total	Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia Resources Authority	Virginia Public School Authority	Other	Sub-Total	Total Enterprise Funds
Operating Revenues	$ 474,837	$ 260,461	$ 6,030	$ 741,328	$ 317,288	$ 54,594	$ 20,094	$ 48,815	$ 110,444	$ 551,235	$ 1,292,563
Depreciation Expense	3,104	1,445	38	4,587	226	880	17	—	2,761	3,884	8,471
Operating Income (Loss)	155,338	35,557	(46)	190,849	49,617	4,042	4,079	11,786	4,352	73,876	264,725
Transfers Out	156,485	32,637	—	189,122	—	—	—	10,267	—	10,267	199,389
Net Nonoperating Revenues	7,627	58	60	7,745	—	—	337	—	—	337	8,082
Net Income (Loss)	6,480	2,978	14	9,472	49,617	4,042	4,416	1,519	4,352	63,946	73,418
Property, Plant, and Equipment Additions	4,957	939	18	5,914	336	1,321	43	—	5,450	7,150	13,064
Total Assets	220,684	38,727	4,374	263,785	3,627,932	539,356	299,235	901,769	64,954	5,433,246	5,697,031
Total Long-Term Liabilities	26,307	4,765	107	31,179	3,022,630	441,255	209,935	583,376	11,315	4,268,511	4,299,690
Total Liabilities	208,204	29,950	855	239,009	3,235,604	449,062	217,160	901,180	26,477	4,829,483	5,068,492
Total Equity	12,480	8,777	3,519	24,776	392,328	90,294	82,075	589	38,477	603,763	628,539
Net Working Capital	1,747	5,991	2,728	10,466	335,557	168,071	45,670	(286,950)	11,858	274,206	284,672

19. EXTRAORDINARY ITEM

The extraordinary loss recorded in the Higher Education Funds is related to issuance of refunding bonds and the subsequent defeasance of several bond issues. The accounting loss resulting from the defeasance has been reported as an extraordinary item. See Note 14 for further information on the bond defeasance.

20. CONTINGENCIES

A. Grants and Contracts

The Commonwealth has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Commonwealth.

Institutions of higher education and other State agencies are required to comply with various federal regulations issued by the Office of Management and Budget, if such agencies are recipients of federal grants, contracts, or other sponsored agreements. Certain agencies within the Commonwealth may not be in total compliance with these regulations. Failure to have complied with certain systems requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Commonwealth.

B. Litigation

In *Davis v. Michigan* (decided March 28, 1989), the United States Supreme Court ruled unconstitutional Michigan's statute exempting from state income tax the retirement benefits paid by the state or local governments and not exempting retirement benefits paid by the federal government. At the time of this decision, Virginia exempted State and local but not federal government retirement benefits from taxation. At a Special Session held on April 24–27, 1989, the General Assembly approved an amendment to the *Code of Virginia* repealing the exemption for state and local retirement benefits and providing an exclusion for certain retirement income received by public and private pensioners. This amendment will take effect on a phase-in basis, with full implementation in taxable years beginning on or after January 1, 1991.

Subsequent to the Supreme Court decision in *Davis v. Michigan*, several suits were brought against the Commonwealth seeking a refund of taxes paid on federal retirement benefits. In February, 1990, the Circuit Court of the City of Alexandria ruled in favor of the Commonwealth and denied refunds to the plaintiffs. The Virginia Supreme Court has agreed to hear the taxpayers' appeal in this case. The estimated po-

tential financial impact on the Commonwealth of claims for refunds is approximately $397.3 million, including interest, through December 31, 1989. The Office of the Attorney General is unable to predict the likelihood of an unfavorable outcome on this appeal.

The Commonwealth is named as a party in legal proceedings that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits will not have a material, adverse effect on the financial condition of the Commonwealth.

21. SUBSEQUENT EVENTS

During September 1990, a subcommittee of the VHDA Board of Commissioners agreed to recommend to the Board that the Authority extend a $38 million line of credit to the Virginia Housing Partnership Fund for a period not to exceed 15 years at an interest rate of not less than 2.95%.

In addition to scheduled redemptions, the VHDA made optional and special redemptions of certain bonds payable subsequent to June 30, 1990 as follows:

Bond Group	Amount
Home Mortgage Bond Group	$16,895,000
Residential Mortgage Bond Group	15,950,000

Additionally, the VHDA sold a total of $231.1 million of Commonwealth Mortgage Bonds, 1990 Series A/B, and $31.7 million of Commonwealth Mortgage Bonds, 1990 Series A.

Required Supplementary Information

Required Supplementary Information
Analysis of Funding Progress for Defined Pension Benefit Plan(s)
(Dollars in Millions)

	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
Virginia Supplemental Retirement System						
1989	$2,999.6	$3,982.0	75.3%	$ 982.4	$2,073.0	47.4%
1988	2,594.4	3,442.4	75.3	848.0	1,914.5	44.3
1987	2,242.1	4,036.5	55.5	1,794.4	1,777.3	101.0
State Police Officers' Retirement System						
1989	$ 109.8	$ 165.1	66.5%	$ 55.3	$ 47.2	117.2%
1988	96.0	133.3	72.0	37.3	41.9	89.0
1987	84.3	138.5	60.9	54.2	36.7	147.7
Judicial Retirement System						
1989	$ 65.4	$ 127.6	51.3%	$ 62.2	$ 25.3	245.9%
1988	56.7	114.7	49.4	58.0	23.5	246.8
1987	49.5	131.1	37.8	81.6	21.6	377.8

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligations, and unfunded pension benefit obligations in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligations provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded pension benefit obligations and annual covered payrolls are both affected by inflation. Expressing the unfunded pension benefit obligations as a percentage of annual covered payrolls approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

Combining and Individual Fund Statements

Please note that Combining Statements for the General, Debt Service, and Capital Projects Funds, the General Long-Term Debt Account Group, and selected Higher Education statements have been eliminated from this section, since this information is available in the Combined Statements and Notes to the Financial Statements. These changes were made in an effort to streamline the reporting of financial data.

Special Revenue Funds

Special Revenue Funds account for specific revenue sources that are restricted to finance particular functions and activities of the Commonwealth. The 118 individual Special Revenue Funds of the Commonwealth are combined on a functional basis based on type of activity in accordance with Section 2600 of the GASB Codification.

Highway Maintenance and Construction Fund accounts for the revenues and expenditures associated with highway operations, maintenance, construction and related activities. Funding for these programs is provided from highway user taxes, fees, and funds received from the federal government.

The Federal Fund accounts for all federal monies received by the Commonwealth except those received by the Highway Maintenance and Construction Fund, the Unemployment Compensation Trust Fund, and institutions of higher education.

Administration Funds account for revenues and expenditures associated with the recovery of indirect costs and insurance, and miscellaneous general government activities.

Economic Development Funds account for revenues and expenditures related to business and agricultural activities throughout the Commonwealth.

Human Resources Funds account for revenues and expenditures associated with local health care assistance, substance abuse, and the care of those who are mentally and physically handicapped.

Natural Resources Funds account for revenues and expenditures associated with activities aimed at improving and protecting the environment.

Transportation and Public Safety Funds account for revenues and expenditures related to aviation, marine terminals, and the promotion of public safety.

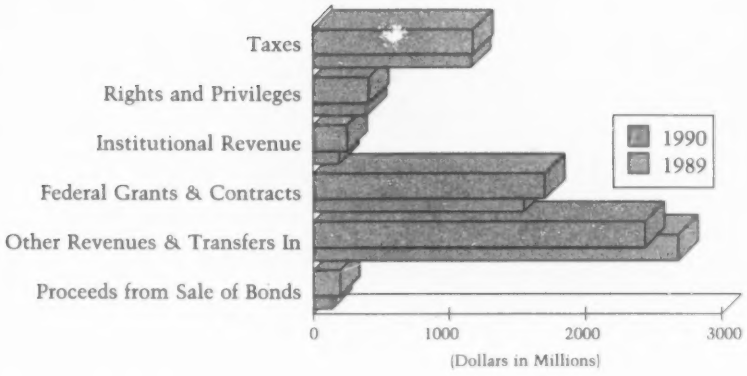
The Literary Fund accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovation, and expansion of school buildings.

Analysis

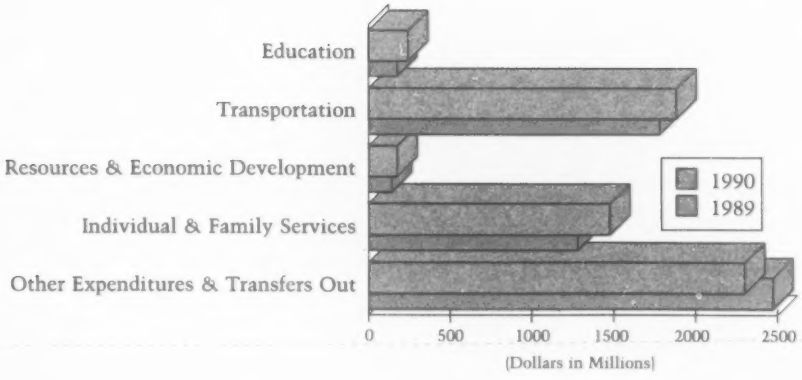
Revenues and Other Financing Sources (Uses) increased 7% in 1990 over 1989. Expenditures, however, increased 11% over the same period. This resulted in a decrease in Revenues and Other Sources Over (Under) Expenditures and Other Uses of 45% from 1989 to 1990. The primary expenditure increases were in Transportation where they were due to rising road construction and maintenance costs, and in Individual and Family Services which experienced a continuing rise in health care costs.

Special Revenue Funds

Revenues



Expenditures



Combining Balance Sheet
Special Revenue Funds

June 30, 1990
(Dollars in Thousands)

	Highway Maintenance and Construction Fund	Federal Fund	Administration Fund	Economic Development Fund	Human Resources Fund
Assets					
Cash, Cash Equivalents, and Investments	$ 569,079	$ 27,349	$ 2,386	$ 8,961	$ 26
Petty Cash and Travel Advances	1,158	59	—	92	263
Taxes, Loans, Accounts and Other Receivables (Net)	144,878	162,080	110	12,894	54,767
Due from Other Funds	—	6,905	—	—	25,000
Interfund Receivables	—	—	—	35,350	—
Loans Receivable from Proprietary Funds	—	—	—	—	—
Inventory	—	233	—	—	—
Total Assets	$ 715,115	$ 196,626	$ 2,496	$ 57,297	$ 80,056
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	$ 128,762	$ 149,760	$ 34	$ 558	$ 3,467
Amounts Due to Other Governments	32,560	—	—	—	—
Deposits Pending Distribution	2,460	—	7	—	2
Other Liabilities	55	—	—	—	—
Due to Other Funds	—	—	—	—	9,425
Deferred Revenue	1,316	46,823	89	—	14
Accrued Liability for Compensated Absences	68	43	—	—	76
Total Liabilities	165,221	196,626	130	558	12,984
Fund Balance:					
Reserved for Loans	—	—	—	—	—
Unreserved	549,894	—	2,366	56,739	67,072
Total Fund Balance	549,894	—	2,366	56,739	67,072
Total Liabilities and Fund Balance	$ 715,115	$ 196,626	$ 2,496	$ 57,297	$ 80,056

Natural Resources Fund	Transportation and Public Safety Fund	Literary Fund	Totals June 30, 1990	Totals June 30, 1989
$ 12,704	$ 8,407	$ 39,966	**$ 668,878**	$ 644,603
92	127	—	**1,791**	1,611
3,989	982	56,287	**435,987**	266,167
9,425	—	3	**41,333**	15,397
—	2,622	—	**37,972**	29,058
—	—	306,284	**306,284**	281,075
—	—	—	**233**	220
$ 26,210	$ 12,138	$ 402,540	**$ 1,492,478**	$ 1,238,131
$ 1,610	$ 2,647	$ —	**$ 286,838**	$ 183,909
—	—	—	**32,560**	31,148
48	—	—	**2,517**	2,547
—	—	—	**55**	—
—	—	—	**9,425**	968
496	1	—	**48,739**	59,754
2	50	—	**239**	193
2,156	2,698	—	**380,373**	278,519
—	—	402,540	**402,540**	400,627
24,054	9,440	—	**709,565**	558,985
24,054	9,440	402,540	**1,112,105**	959,612
$ 26,210	$ 12,138	$ 402,540	**$ 1,492,478**	$ 1,238,131

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Highway Maintenance and Construction Fund	Federal Fund	Administration Fund	Economic Development Fund	Human Resources Fund
Revenues:					
Taxes	$ 1,144,760	$ —	$ —	$ 9,862	$ 562
Rights and Privileges	223,550	60	236	32,689	35,947
Assessments and Receipts for Support of Special Services	7,705	—	—	22,697	251
Institutional Revenue	—	4	140	—	252,663
Interest, Dividends, and Rents	24,797	1,666	771	541	259
Fines, Forfeitures, Court Fees, Penalties, and Escheats	3,550	—	—	—	2,826
Federal Grants and Contracts	319,351	1,393,475	—	—	996
Revenues from Cities, Counties, and Towns	70,292	—	—	—	49,198
Private Donations, Gifts, and Contracts	—	—	—	—	722
Other	11,161	83,067	3,554	49	12,608
Total Revenues	1,805,166	1,478,272	4,701	65,838	356,032
Expenditures:					
Current:					
General Government	21,469	7,580	901	1,030	2,683
Education	1,443	168,930	165	—	66,231
Transportation	1,762,924	2,436	120	5,890	8,998
Resources and Economic Development	502	87,034	325	31,656	10,154
Individual and Family Services	—	1,184,155	1,683	1,119	279,035
Administration of Justice	1,978	8,979	395	—	4,958
Capital Projects	7,351	1,445	24	297	2,523
Total Expenditures	1,795,667	1,460,559	3,613	39,992	374,582
Revenues Over (Under) Expenditures	9,499	17,713	1,088	25,846	(18,550)
Other Financing Sources (Uses):					
Transfers:					
Operating Transfers In	1,866,206	32,221	80	7,601	99,623
Operating Transfers Out	(1,954,571)	(49,243)	(237)	(25,493)	(29,804)
Appropriations Act	(13,455)	(719)	(651)	(101)	(1,516)
Proceeds from Capital Leases	239	28	—	2	6
Proceeds from Sale of Bonds	200,000	—	—	—	—
Total Other Financing Sources (Uses)	98,419	(17,713)	(808)	(17,991)	68,309
Revenues and Other Sources Over (Under) Expenditures and Other Uses	107,918	—	280	7,855	49,759
Fund Balance, July 1	441,976	—	2,086	48,884	17,313
Fund Balance, June 30	$ 549,894	$ —	$ 2,366	$ 56,739	$ 67,072

Natural Resources Fund	Transportation and Public Safety Fund	Literary Fund	Totals June 30, 1990	Totals June 30, 1989
$ 3,600	$ 19,405	$ —	**$ 1,178,189**	$ 1,166,583
37,337	82,701	65	**412,585**	396,663
6,061	—	—	**36,714**	38,196
13	—	1	**252,821**	196,008
744	727	8,169	**37,674**	47,668
883	1,450	30,470	**39,179**	46,188
—	—	—	**1,713,822**	1,552,990
—	—	—	**119,490**	105,276
587	108	—	**1,417**	810
5,565	812	1,975	**118,791**	109,640
54,790	105,203	40,680	**3,910,682**	3,660,022
—	8,756	—	**42,419**	39,560
—	46	5,780	**242,595**	177,163
1,107	96,543	—	**1,878,018**	1,780,880
44,890	3,264	—	**177,825**	143,661
5,263	5,415	—	**1,476,670**	1,281,834
—	795	—	**17,105**	16,208
2,539	598	—	**14,777**	28,270
53,799	115,417	5,780	**3,849,409**	3,467,576
991	(10,214)	34,900	**61,273**	192,446
9,371	11,270	90,766	**2,117,138**	2,333,823
(9,710)	(9,698)	(129,545)	**(2,208,301)**	(2,368,147)
(1,215)	(916)	—	**(18,573)**	(19,545)
—	681	—	**956**	243
—	—	—	**200,000**	139,176
(1,554)	1,337	(38,779)	**91,220**	85,550
(563)	(8,877)	(3,879)	**152,493**	277,996
24,617	18,317	406,419	**959,612**	681,616
$ 24,054	$ 9,440	$ 402,540	**$ 1,112,105**	$ 959,612

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Budgetary Basis Special Revenue Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Highway Maintenance and Construction Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes			
Sales and Use	$ 501,946	$ 256,009	$ (245,937)
Motor Fuel	629,013	622,127	(6,886)
Other	37,262	158,763	121,501
Rights and Privileges	200,394	223,509	23,115
Assessments and Receipts for Support of Special Services	11,264	7,706	(3,558)
Institutional Revenue	—	—	—
Interest, Dividends, and Rents	20,644	15,447	(5,197)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	—	3,555	3,555
Federal Grants and Contracts	262,514	314,136	51,622
Receipts from Cities, Counties, and Towns	17,000	49,879	32,879
Private Donations, Gifts, and Contracts	—	—	—
Other	6,610	10,911	4,301
Total Revenues	1,686,647	1,662,042	(24,605)
Expenditures:			
Current:			
General Government	27,039	21,134	5,905
Education	1,448	1,443	5
Transportation	2,305,913	1,740,773	565,140
Resources and Economic Development	495	492	3
Individual and Family Services	—	—	—
Administration of Justice	2,000	1,977	23
Capital Outlay	7,162	7,162	—
Total Expenditures	2,344,057	1,772,981	571,076
Revenues Over (Under) Expenditures	(657,410)	(110,939)	546,471
Other Financing Sources (Uses):			
Transfers:			
Appropriations Act	(13,455)	(13,455)	—
Operating Transfers In	—	1,856,020	1,856,020
Operating Transfers Out	—	(1,943,356)	(1,943,356)
Proceeds from Sale of Bonds	188,959	200,000	11,041
Total Other Financing Sources (Uses)	175,504	99,209	(76,295)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(481,906)	(11,730)	470,176
Fund Balance, July 1	578,164	578,164	—
Fund Balance, June 30	$ 96,258	$ 566,434	$ 470,176

Federal Fund			Administration Funds			Economic Development Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—	—
—	7	7	—	—	—	9,068	9,862	794
59	60	1	759	238	(521)	34,632	22,211	(12,421)
—	—	—	—	—	—	14,518	22,697	8,179
—	4	4	330	140	(190)	—	—	—
—	—	—	122	752	630	1,000	526	(474)
—	—	—	—	—	—	—	394	394
1,535,249	1,334,977	(200,272)	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
7,718	10,668	2,950	2,947	3,566	619	162	133	(29)
1,543,026	1,345,716	(197,310)	4,158	4,696	538	59,380	55,823	(3,557)
22,768	7,274	15,494	2,474	895	1,579	1,171	1,031	140
267,946	163,505	104,441	294	165	129	—	—	—
3,785	2,470	1,315	120	119	1	7,110	5,913	1,197
107,692	84,828	22,864	427	325	102	36,702	31,579	5,123
1,121,217	1,057,857	63,360	1,726	1,604	122	1,170	1,129	41
17,974	9,246	8,728	417	395	22	—	—	—
1,454	1,454	—	24	24	—	357	357	—
1,542,836	1,326,634	216,202	5,482	3,527	1,955	46,510	40,009	6,501
190	19,082	18,892	(1,324)	1,169	2,493	12,870	15,814	2,944
(190)	(190)	—	(651)	(651)	—	(101)	(101)	—
—	30,010	30,010	—	352	352	—	7,601	7,601
—	(48,902)	(48,902)	—	(569)	(569)	—	(14,858)	(14,858)
—	—	—	—	—	—	—	—	—
(190)	(19,082)	(18,892)	(651)	(868)	(217)	(101)	(7,358)	(7,257)
—	—	—	(1,975)	301	2,276	12,769	8,456	(4,313)
—	—	—	1,993	1,993	—	47,454	47,454	—
$ —	$ —	$ —	$ 18	$ 2,294	$ 2,276	$ 60,223	$ 55,910	$ (4,313)

(Continued on Next Page)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Budgetary Basis

Special Revenue Funds *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Human Resources Fund			Natural Resources Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes:						
Sales and Use	$ —	$ —	$ —	$ —	$ —	$ —
Motor Fuel	—	—	—	—	—	—
Other	1,576	562	(1,014)	3,508	3,478	(30)
Rights and Privileges	39,502	33,084	(6,418)	33,886	38,765	4,879
Assessments and Receipts for Support of Special Services	190	257	67	5,760	6,061	301
Institutional Revenue	222,922	222,454	(468)	—	14	14
Interest, Dividends, and Rents	735	1,897	1,162	128	728	600
Fines, Forfeitures, Court Fees, Penalties, and Escheats	2,661	2,820	159	370	280	(90)
Federal Grants and Contracts	7,963	996	(6,967)	—	—	—
Receipts from Cities, Counties, and Towns	49,341	45,777	(3,564)	—	—	—
Private Donations, Gifts, and Contracts	455	727	272	693	587	(106)
Other	215,942	134,741	(81,201)	7,908	4,965	(2,943)
Total Revenues	541,287	443,315	(97,972)	52,253	54,878	2,625
Expenditures:						
Current:						
General Government	7,019	2,678	4,341	—	—	—
Education	70,113	66,480	3,633	—	—	—
Transportation	10,478	8,984	1,494	1,266	1,110	156
Resources and Economic Development	12,852	9,938	2,914	54,563	44,761	9,802
Individual and Family Services	419,072	405,747	13,325	5,629	5,338	291
Administration of Justice	7,450	4,790	2,660	—	—	—
Capital Outlay	3,292	3,292	—	2,457	2,457	—
Total Expenditures	530,276	501,909	28,367	63,915	53,666	10,249
Revenues Over (Under) Expenditures	11,011	(58,594)	(69,605)	(11,662)	1,212	12,874
Other Financing Sources (Uses):						
Transfers:						
Appropriations Act	(2,016)	(2,016)	—	(1,215)	(1,215)	—
Operating Transfers In	—	112,191	112,191	—	9,371	9,371
Operating Transfers Out	—	(30,872)	(30,872)	—	(9,974)	(9,974)
Proceeds from Sale of Bonds	—	—	—	—	—	—
Total Other Financing Sources (Uses)	(2,016)	79,303	81,319	(1,215)	(1,818)	(603)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	8,995	20,709	11,714	(12,877)	(606)	12,271
Fund Balance, July 1	5,955	5,955	—	22,933	22,933	—
Fund Balance, June 30	$ 14,950	$ 26,664	$ 11,714	$ 10,056	$ 22,327	$ 12,271

Transportation and Public Safety Funds			Total Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ —	$ —	$ —	$ 501,946	$ 256,009	$ (245,937)
3,180	7,255	4,075	632,193	629,382	(2,811)
15,075	12,123	(2,952)	66,489	184,795	118,306
92,628	82,431	(10,197)	401,860	400,298	(1,562)
10,000	—	(10,000)	41,732	36,721	(5,011)
—	—	—	223,252	222,612	(640)
678	726	48	23,307	20,076	(3,231)
1,370	1,449	79	4,401	8,498	4,097
—	—	—	1,805,726	1,650,109	(155,617)
—	—	—	66,341	95,656	29,315
--	108	108	1,148	1,422	274
528	812	284	241,815	165,796	(76,019)
123,459	104,904	(18,555)	4,010,210	3,671,374	(338,836)
11,026	8,705	2,321	71,497	41,717	29,780
100	43	57	339,901	231,636	108,265
94,934	92,197	2,737	2,423,606	1,851,566	572,040
5,008	3,462	1,546	217,739	175,385	42,354
5,482	5,128	354	1,554,296	1,476,803	77,493
796	796	—	28,637	17,204	11,433
612	612	—	15,358	15,358	—
117,958	110,943	7,015	4,651,034	3,809,669	841,365
5,501	(6,039)	(11,540)	(640,824)	(138,295)	502,529
(916)	(916)	—	(18,544)	(18,544)	—
—	11,270	11,270	—	2,026,815	2,026,815
—	(9,698)	(9,698)	—	(2,058,229)	(2,058,229)
—	—	—	188,959	200,000	11,041
(916)	656	1,572	170,415	150,042	(20,373)
4,585	(5,383)	(9,968)	(470,409)	11,747	482,156
20,433	20,433	—	676,932	676,932	—
$ 25,018	$ 15,050	$ (9,968)	$ 206,523	$ 688,679	$ 482,156

Enterprise Funds—State

The Enterprise Funds—State account for State operations that are financed and operated in a manner similar to private business enterprises. It is the State's intent that the cost of providing such goods or services will be recovered through user charges.

The State Lottery Department accounts for all receipts and expenses from the operation of the State Lottery.

The Department of Alcoholic Beverage Control operates facilities for the distribution and sale of distilled spirits and wine.

The Virginia Industries for the Blind manufactures products for sale to governments, certain private organizations, and the general public.

The Virginia Museum of Fine Arts operates gift shop and food service activities.

The Division of Legislative Services accounts for sales of the *Virginia Register*, a publication which lists all proposed and final state agency regulations.

Analysis

Both the revenue and the expense activity of the Enterprise Funds increased 11% during fiscal year 1990. These increases are directly attributable to the performance of the State Lottery Department. On January 27, 1990 the million dollar LOTTO, a game which carries a cash prize that has ranged from $1 million to $8.6 million, was introduced. This new game was primarily responsible for the Lottery's financial growth.

Enterprise Funds—Public Benefit Corporations

The Enterprise Funds—Public Benefit Corporations are those public corporations empowered by the Code of Virginia to provide certain services to the citizens of Virginia, but which are not agencies of the State. While these organizations are not State agencies, generally accepted accounting principles require that they be included as part of the Commonwealth's financial reporting entity. These organizations receive no tax monies from the State, nor is their debt a liability of the State. The Commonwealth, however, does transact with the Virginia International Terminals, Inc. and the Virginia Public School Authority throughout the year.

Virginia Housing Development Authority (VHDA) has the authority to finance housing sold or rented to families with low and moderate incomes. Funds are raised through the sale of tax-exempt notes and bonds.

Virginia Education Loan Authority (VELA) assists students in obtaining loans to attend college.

Virginia International Terminals, Inc. (VIT) was formed on January 1, 1982, for the purpose of operating marine terminals in Norfolk and Newport News for the Virginia Port Authority. In 1983, VIT was also given the right to operate terminals in Portsmouth.

Virginia Resources Authority (VRA) is responsible for encouraging the investment of both public and private funds in the water and sewer projects of local governments. VRA also makes loans and grants available to local governments to finance these projects.

State Education Assistance Authority (SEAA) guarantees student loans provided to residents by financial institutions of the Commonwealth through a program administered by the federal government.

Virginia Public School Authority (VPSA) is empowered to issue bonds to finance capital projects of schools of the cities, counties, and towns of the Commonwealth.

Analysis

At year end, Public Benefit Corporations had total assets of $5.7 billion, comprised primarily of loans and accounts receivable and investments. Revenues for the year totaled $552 million while expenses, extraordinary items, and net operating transfers totaled $488 million, yielding net income of $64 million.

Combining Balance Sheet
Enterprise Funds—State and Public Benefit Corporations

June 30, 1990
(Dollars in Thousands)

	Enterprise-State					Subtotal
	State Lottery Department	Department of Alcoholic Beverage Control	Virginia Industries for the Blind	Virginia Museum of Fine Arts	Division of Legislative Services	
Assets						
Cash, Cash Equivalents, and Investments	$ 193,256	$ 2,651	$ 571	$ 665	$ 90	$ 197,233
Petty Cash and Travel Advances	5	120	1	5	—	131
Taxes, Loans, Accounts, and Other Receivables (Net)	6,280	1,135	724	71	1	8,211
Inventory	959	27,257	1,023	325	—	29,564
Restricted Assets	—	—	—	—	—	—
Prepaid Expenses	1,237	13	—	—	—	1,250
Property, Plant, and Equipment (Net)	18,947	7,551	898	—	—	27,396
Unamortized Bond Issuance Expense	—	—	—	—	—	—
Total Assets	$ 220,684	$ 38,727	$ 3,217	$ 1,066	$ 91	$ 263,785
Liabilities and Equity						
Liabilities:						
Accounts Payable	$ 3,860	$ 6,638	$ 203	$ 22	$ 12	$ 10,735
Amounts Due to Other Governments	—	—	—	—	—	—
Accrued Interest Payable	—	—	—	—	—	—
Deposits Pending Distribution	—	—	2	—	—	2
Notes Payable	10,011	—	—	—	—	10,011
Lottery Prizes Payable	25,223	—	—	—	—	25,223
Other Liabilities	—	—	—	9	—	9
Due to Other Funds	156,485	1,546	—	—	—	158,031
Interfund Payables	—	15,051	500	—	—	15,551
Loans Payable	—	1,000	—	—	—	1,000
Deferred Revenue	12,247	950	—	—	—	13,197
Matured Debt Payable	—	—	—	—	—	—
Bonds Payable	—	—	—	—	—	—
Due to Program Participants, Escrows, and Providers	—	—	—	—	—	—
Capital Lease Obligations	—	489	—	—	—	489
Accrued Liability for Compensated Absences	378	4,276	98	9	—	4,761
Total Liabilities	208,204	29,950	803	40	12	239,009
Fund Equity:						
Contributed Capital	—	—	1,650	—	—	1,650
Retained Earnings	12,480	8,777	764	1,026	79	23,126
Total Fund Equity	12,480	8,777	2,414	1,026	79	24,776
Total Liabilities and Equity	$ 220,684	$ 38,727	$ 3,217	$ 1,066	$ 91	$ 263,785

Enterprise-Public Benefit Corporations						Subtotal	Totals	
Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority	Virginia Public School Authority		June 30, 1990	June 30, 1989
$ 1,021,205	$ 185,189	$ 8,025	$ 78,699	$ 26,255	$ 609,322	$ 1,928,695	$ **2,125,928**	$ 1,970,061
—	—	—	—	—	—	—	**131**	10
2,577,535	342,651	11,195	220,460	912	292,447	3,445,200	**3,453,411**	3,252,463
5,555	—	2,934	—	—	—	8,489	**38,053**	35,619
—	—	1,445	—	—	—	1,445	**1,445**	1,375
—	551	273	9	1	—	834	**2,084**	1,810
19,352	7,512	11,498	67	2,416	—	40,845	**68,241**	63,912
4,285	3,453	—	—	—	—	7,738	**7,738**	7,575
$ 3,627,932	$ 539,356	$ 35,370	$ 299,235	$ 29,584	$ 901,769	$ 5,433,246	$ **5,697,031**	$ 5,332,825
$ 25,098	$ 1,142	$ 2,086	$ 95	$ 786	$ 80	$ 29,287	$ **40,022**	$ 36,693
—	—	—	—	6,396	—	6,396	**6,396**	13,349
74,436	6,665	—	2,847	—	10,462	94,410	**94,410**	101,984
—	—	—	—	2	—	2	**4**	—
—	106,846	—	—	869	—	107,715	**117,726**	149,400
—	—	—	—	—	—	—	**25,223**	—
—	—	7,602	1,843	362	698	10,505	**10,514**	7,915
—	—	—	—	—	—	—	**158,031**	145,230
—	—	—	—	—	—	—	**15,551**	9,363
—	—	—	—	—	306,284	306,284	**307,284**	285,075
—	—	—	2,440	5,408	—	7,848	**21,045**	21,934
—	—	—	—	—	280	280	**280**	2,950
3,021,837	334,409	—	209,935	—	583,376	4,149,557	**4,149,557**	3,942,225
113,440	—	1,314	—	—	—	114,754	**114,754**	88,689
—	—	—	—	—	—	—	**489**	611
793	—	1,505	—	147	—	2,445	**7,206**	6,878
3,235,604	449,062	12,507	217,160	13,970	901,180	4,829,483	**5,068,492**	4,812,296
—	—	2,782	70,608	—	—	73,390	**75,040**	40,448
392,328	90,294	20,081	11,467	15,614	589	530,373	**553,499**	480,081
392,328	90,294	22,863	82,075	15,614	589	603,763	**628,539**	520,529
$ 3,627,932	$ 539,356	$ 35,370	$ 299,235	$ 29,584	$ 901,769	$ 5,433,246	$ **5,697,031**	$ 5,332,825

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings
Enterprise Funds—State and Public Benefit Corporations

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Enterprise-State					Subtotal
	State Lottery Department	Department of Alcoholic Beverage Control	Virginia Industries for the Blind	Virginia Museum of Fine Arts	Division of Legislative Services	
Operating Revenues:						
Interest, Dividends, and Rents	$ —	$ —	$ —	$ —	$ —	$ —
Special Allowance Income	—	—	—	—	—	—
Charges for Sales and Services	474,837	260,461	4,010	1,941	79	741,328
Other	—	—	—	—	—	—
Total Operating Revenues	474,837	260,461	4,010	1,941	79	741,328
Operating Expenses:						
Interest Expense	—	—	—	—	—	—
Cost of Sales and Services	—	169,219	—	1,116	—	170,335
Personal Services	20,463	40,712	1,852	563	—	63,590
Contractual Services	39,608	4,442	175	—	—	44,225
Supplies and Materials	3,968	1,270	2,068	65	—	7,371
Grants and Distributions to Localities	—	—	38	—	—	38
Expendable Equipment	—	291	12	14	—	317
Depreciation	3,104	1,445	35	3	—	4,587
Amortization	—	—	—	—	—	—
Rent, Insurance, and Other Related Charges	—	7,525	92	43	—	7,660
Prize Expense	252,356	—	—	—	—	252,356
Other	—	—	—	—	—	—
Total Operating Expenses	319,499	224,904	4,272	1,804	—	550,479
Operating Income (Loss)	155,338	35,557	(262)	137	79	190,849
Nonoperating Revenues (Expenses):						
Net Gain (Loss) on Sale of Investments	—	—	—	—	—	—
Interest, Dividends, and Rents	7,433	8	—	29	—	7,470
Gain (Loss) on Sale of Fixed Assets	—	—	—	—	—	—
Grants and Shared Revenues	—	—	—	—	—	—
Other	194	50	1	30	—	275
Total Nonoperating Revenues (Expenses)	7,627	58	1	59	—	7,745
Income (Loss) Before Transfers	162,965	35,615	(261)	196	79	198,594
Transfers:						
Operating Transfers Out	(156,485)	—	—	—	—	(156,485)
ABC Profit	—	(23,911)	—	—	—	(23,911)
Appropriations Act	—	(8,726)	—	—	—	(8,726)
Total Transfers	(156,485)	(32,637)	—	—	—	(189,122)
Net Income (Loss) Before Extraordinary Item	6,480	2,978	(261)	196	79	9,472
Extraordinary Item:						
Loss on Early Extinguishment of Debt	—	—	—	—	—	—
Net Income (Loss)	6,480	2,978	(261)	196	79	9,472
Retained Earnings, July 1	6,000	5,799	1,025	830	—	13,654
Retained Earnings, June 30	$ 12,480	$ 8,777	$ 764	$ 1,026	$ 79	$ 23,126

Enterprise-Public Benefit Corporations						Subtotal	Totals	
Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority	Virginia Public School Authority		June 30, 1990	June 30, 1989
$ 313,162	$ 44,200	$ —	$ 20,094	$ 2,846	$ 48,815	$ 429,117	$ 429,117	$ 407,399
—	8,543	—	—	—	—	8,543	8,543	10,166
1,570	—	80,902	—	26,696	—	109,168	850,496	766,699
2,556	1,851	—	—	—	—	4,407	4,407	1,210
317,288	54,594	80,902	20,094	29,542	48,815	551,235	1,292,563	1,185,474
247,653	36,525	—	14,979	—	35,599	334,756	334,756	326,302
9,152	4,000	54,458	—	—	—	67,610	237,945	227,183
6,875	4,512	12,305	499	2,242	—	26,433	90,023	80,992
—	—	3,778	215	23,537	459	27,989	72,214	73,465
—	—	1,722	—	957	—	2,679	10,050	10,305
—	—	—	—	—	—	—	38	22
—	—	128	—	33	—	161	478	460
226	880	2,374	17	387	—	3,884	8,471	5,162
—	857	—	—	—	—	857	857	1,107
—	—	2,778	—	1,393	—	4,171	11,831	9,632
—	—	—	—	—	—	—	252,356	205,915
3,765	3,778	—	305	—	971	8,819	8,819	5,490
267,671	50,552	77,543	16,015	28,549	37,029	477,359	1,027,838	946,035
49,617	4,042	3,359	4,079	993	11,786	73,876	264,725	239,439
—	—	—	—	—	—	—	—	61
—	—	—	—	—	—	—	7,470	6,138
—	—	—	—	—	—	—	—	7
—	—	—	337	—	—	337	337	234
—	—	—	—	—	—	—	275	263
—	—	—	337	—	—	337	8,082	6,703
49,617	4,042	3,359	4,416	993	11,786	74,213	272,807	246,142
—	—	—	—	—	(10,267)	(10,267)	(166,752)	(149,958)
—	—	—	—	—	—	—	(23,911)	(24,422)
—	—	—	—	—	—	—	(8,726)	(7,239)
—	—	—	—	—	(10,267)	(10,267)	(199,389)	(181,619)
49,617	4,042	3,359	4,416	993	1,519	63,946	73,418	64,523
—	—	—	—	—	—	—	—	(2,175)
49,617	4,042	3,359	4,416	993	1,519	63,946	73,418	62,348
342,711	86,252	16,722	7,051	14,621	(930)	466,427	480,081	417,733
$ 392,328	$ 90,294	$ 20,081	$ 11,467	$ 15,614	$ 589	$ 530,373	$ 553,499	$ 480,081

Combining Statement of Cash Flows
Enterprise Funds—State and Public Benefit Corporations

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Enterprise-State					Subtotal
	State Lottery Department	Department of Alcoholic Beverage Control	Virginia Industries for the Blind	Virginia Museum of Fine Arts	Division of Legislative Services	
Cash Flows from Operating Activities:						
Receipts for Sales and Services	$ 470,549	$ 257,701	$ 3,646	$ 1,924	$ 77	$ 733,897
Collections of Principal and Interest on Loans	—	—	—	—	—	—
Cash Payments for Loans	—	—	—	—	—	—
Payments to Suppliers for Goods and Services	(26,997)	(184,874)	(2,162)	(1,241)	—	(215,274)
Payments for Prizes	(228,632)	—	—	—	—	(228,632)
Payments to Employees	(9,455)	(40,884)	(1,852)	(564)	—	(52,755)
Program Grant Receipts, Net of Disbursements	—	—	—	—	—	—
Contractual Services	(24,682)	—	(175)	—	—	(24,857)
Cash Receipts for Special Allowance	—	—	—	—	—	—
Payments for Mortgage Servicing Expenses	—	—	—	—	—	—
Escrow Payments Received/Paid	—	—	—	—	—	—
Receipts for Loan Origination and Guarantee Fees	—	—	—	—	—	—
Payments for Bond Expenses	—	—	—	—	—	—
Purchase of Default Loans, Net of Default Collections	—	—	—	—	—	—
Other Operating Revenue	—	—	—	17	—	17
Net Cash Provided by (Used for) Operating Activities	180,783	31,943	(543)	136	77	212,396
Cash Flows from Noncapital Financing Activities:						
Payment of Principal and Interest on Bonds and Notes	—	—	—	—	—	—
Proceeds from Issuance of Bonds and Notes	—	—	—	—	—	—
Net Transfers (to) from Other Funds	(140,487)	(36,181)	—	—	—	(176,668)
Disbursements and Improvements for VPA	—	—	—	—	—	—
Advances from the Commonwealth, Net of Repayments	—	6,024	500	—	—	6,524
Payment of Debt Issuance Costs	—	—	—	—	—	—
Other Nonoperating Revenue	194	58	—	30	—	282
Net Cash Provided by (Used for) Noncapital Financing Activities	(140,293)	(30,099)	500	30	—	(169,862)
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Fixed Assets	(4,957)	(939)	(18)	—	—	(5,914)
Payment of Principal and Interest on Bonds and Notes	(2,392)	—	—	—	—	(2,392)
Proceeds from Sale of Bonds and Notes	376	—	—	—	—	376
Proceeds from Sale of Fixed Assets	—	42	1	—	—	43
Repayments of Purchase Costs of Warehouse	—	(273)	—	—	—	(273)
Net Cash Used for Capital and Related Financing Activities	(6,973)	(1,170)	(17)	—	—	(8,160)
Cash Flows from Investing Activities:						
Purchase of Investments	(19,759)	—	—	—	—	(19,759)
Proceeds from Sales or Maturities of Investments	—	—	—	—	—	—
Interest on Investments	7,639	—	—	29	—	7,668
Net Cash Provided by (Used for) Investing Activities	(12,120)	—	—	29	—	(12,091)
Net Increase (Decrease) in Cash and Cash Equivalents	21,397	674	(60)	195	77	22,283
Cash and Cash Equivalents, July 1	151,699	2,097	632	475	13	154,916
Cash and Cash Equivalents, June 30	$ 173,096	$ 2,771	$ 572	$ 670	$ 90	$ 177,199

Enterprise-Public Benefit Corporations						Subtotal	Total
Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority	Virginia Public School Authority		June 30, 1990
$ 7,004	$ —	$ 80,052	$ —	$ —	$ —	$ 87,056	$ 820,953
387,595	84,385	472	14,876	—	69,296	556,624	556,624
(296,831)	(43,289)	—	(59,260)	—	—	(399,380)	(399,380)
(8,996)	(3,424)	(55,365)	(247)	(5,108)	(1,621)	(74,761)	(290,035)
—	—	—	—	—	—	—	(228,632)
(6,594)	(4,522)	(12,305)	(432)	(2,110)	—	(25,963)	(78,718)
18,981	(500)	—	34,525	—	—	53,006	53,006
—	—	—	(165)	—	—	(165)	(25,022)
—	9,242	—	—	—	—	9,242	9,242
(6,741)	—	—	—	—	—	(6,741)	(6,741)
6,443	—	—	—	—	—	6,443	6,443
2,686	—	—	104	2,288	—	5,078	5,078
(3,731)	—	—	—	—	—	(3,731)	(3,731)
—	—	—	—	(2,579)	—	(2,579)	(2,579)
4,001	1,738	—	—	—	3	5,742	5,759
103,817	43,630	12,854	(10,599)	(7,509)	67,678	209,871	422,267
(377,317)	(136,430)	—	(15,872)	—	(67,990)	(597,609)	(597,609)
252,093	49,890	—	29,848	—	117,887	449,718	449,718
—	—	—	—	—	(31,181)	(31,181)	(207,849)
—	—	(4,886)	—	—	—	(4,886)	(4,886)
—	—	—	—	—	—	—	6,524
—	(549)	—	—	—	(102)	(651)	(651)
—	—	—	—	—	—	—	282
(125,224)	(87,089)	(4,886)	13,976	—	18,614	(184,609)	(354,471)
(336)	(1,321)	(3,605)	(43)	(1,845)	—	(7,150)	(13,064)
(2,069)	(584)	—	(3)	(305)	—	(2,961)	(5,353)
—	—	—	—	1,102	—	1,102	1,478
1,770	—	—	—	—	—	1,770	1,813
—	—	—	—	—	—	—	(273)
(635)	(1,905)	(3,605)	(46)	(1,048)	—	(7,239)	(15,399)
(563,958)	(4,300)	(637)	(26,455)	—	(119,586)	(714,936)	(734,695)
475,718	53,083	—	31,733	2,838	37,540	600,912	600,912
76,776	17,412	—	4,698	3,049	121	102,056	109,724
(11,464)	66,195	(637)	9,976	5,887	(81,925)	(11,968)	(24,059)
(33,506)	20,831	3,726	13,307	(2,670)	4,367	6,055	28,338
342,486	140,906	1,161	18,627	6,350	23,283	532,813	687,729
$ 308,980	$ 161,737	$ 4,887	$ 31,934	$ 3,680	$ 27,650	$ 538,868	$ 716,067

(Continued on Next Page)

Combining Statement of Cash Flows
Enterprise Funds—State and Public Benefit Corporations *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Enterprise-State					Subtotal
	State Lottery Department	Department of Alcoholic Beverage Control	Virginia Industries for the Blind	Virginia Museum of Fine Arts	Division of Legislative Services	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:						
Operating Income (Loss)	$ 155,338	$ 35,557	$ (262)	$ 137	$ 79	$ 190,849
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization	3,104	1,445	35	3	—	4,587
Interest on Bonds and Notes	—	—	—	—	—	—
Interest on Investments	—	—	—	—	—	—
Receipts on VPSA Loans	—	—	—	—	—	—
Net Funds Applied Against Amounts Due to the Federal Government	—	—	—	—	—	—
Payment of Bond Issuance Expenses	—	—	—	—	—	—
Gain on Sale of Fixed Assets	—	—	—	—	—	—
Other Expenses	—	—	—	—	—	—
Gain on Sale of Inventory	—	—	—	—	—	—
Change in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	(2,423)	153	(315)	(17)	—	(2,602)
(Increase) Decrease in Inventories	149	(443)	(60)	(2)	—	(356)
(Increase) Decrease in Restricted Assets	—	—	—	—	—	—
(Increase) Decrease in Prepaid Expenses	200	3	—	—	—	203
Increase (Decrease) in Accounts Payable, Deposits, and Other Liabilities	2,473	(1,833)	64	16	(2)	718
Increase (Decrease) in Prizes Payable	23,693	—	—	—	—	23,693
Increase (Decrease) in Due to Other Funds	—	(2,756)	—	—	—	(2,756)
Increase (Decrease) in Deferred Revenue	(1,865)	83	—	—	—	(1,782)
Increase (Decrease) in Capital Lease Obligations	—	(122)	—	—	—	(122)
Increase (Decrease) in Due to Program Participants	—	—	—	—	—	—
Increase (Decrease) in Compensated Absences	114	(144)	(5)	(1)	—	(36)
Increase (Decrease) in Contributed Capital	—	—	—	—	—	—
Net Cash Provided by (Used for) Operating Activities	$ 180,783	$ 31,943	$ (543)	$ 136	$ 77	$ 212,396
Reconciliation of Cash, Cash Equivalents, and Investments:						
Per the Balance Sheet:						
Cash, Cash Equivalents, and Investments	$ 193,256	$ 2,651	$ 571	$ 665	$ 90	$ 197,233
Petty Cash and Travel Advances	5	120	1	5	—	131
Less: Investments with Original Maturities Greater than Three Months	20,165	—	—	—	—	20,165
Cash and Cash Equivalents per the Statement of Cash Flows	$ 173,096	$ 2,771	$ 572	$ 670	$ 90	$ 177,199

Enterprise-Public Benefit Corporations						Subtotal	Total
Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority	Virginia Public School Authority		June 30, 1990
$ 49,617	$ 4,042	$ 3,359	$ 4,079	$ 993	$ 11,786	$ 73,876	$ 264,725
(334)	1,737	2,374	(575)	387	—	3,589	8,176
247,653	36,441	—	14,979	—	32,726	331,799	331,799
(78,064)	(16,676)	—	(6,224)	—	—	(100,964)	(100,964)
—	—	—	—	—	22,016	22,016	22,016
—	—	—	—	(6,775)	—	(6,775)	(6,775)
(3,711)	—	—	—	—	—	(3,711)	(3,711)
(1,033)	—	—	—	—	—	(1,033)	(1,033)
(4,646)	—	4,940	—	—	—	294	294
(127)	—	—	—	—	—	(127)	(127)
(126,338)	18,158	(51)	(57,740)	(2,912)	(1,532)	(170,415)	(173,017)
(1,743)	—	(322)	—	—	—	(2,065)	(2,421)
—	—	(70)	—	—	—	(70)	(70)
—	(374)	(103)	(8)	(1)	—	(486)	(283)
2,697	302	2,565	341	(86)	2,682	8,501	9,219
—	—	—	—	—	—	—	23,693
—	—	—	—	—	—	—	(2,756)
—	—	—	104	833	—	937	(845)
—	—	—	—	—	—	—	(122)
19,846	—	51	—	—	—	19,897	19,897
—	—	111	—	52	—	163	127
—	—	—	34,445	—	—	34,445	34,445
$ 103,817	$ 43,630	$ 12,854	$ (10,599)	$ (7,509)	$ 67,678	$ 209,871	$ 422,267
$ 1,021,205	$ 185,189	$ 8,025	$ 78,699	$ 26,255	$ 609,322	$ 1,928,695	$ 2,125,928
—	—	—	—	—	—	—	131
712,225	23,452	3,138	46,765	22,575	581,672	1,389,827	1,409,992
$ 308,980	$ 161,737	$ 4,887	$ 31,934	$ 3,680	$ 27,650	$ 538,868	$ 716,067

Early childhood development programs help children to learn skills that lead to improved literacy, positive social interaction, and increased decision-making abilities.

Internal Service Funds

Internal Service Funds account for the operations of State agencies which render services to other State agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

Department of Information Technology accounts for the installation and maintenance of the State government's telephone system; the development, use, and maintenance of the Commonwealth's data processing systems; and the development of automated systems.

Bureau of Industrial Enterprises accounts for the manufacturing activities of the State's correctional facilities.

Health Care accounts for the health insurance programs provided to State employees.

Central Warehouse accounts for supplies purchased for and used by State agencies.

State Surplus Property accounts for the transfer and sale of State-owned surplus property.

Federal Surplus Property accounts for the transfer and sale of federally owned surplus property.

Maintenance and Repair accounts for services outside the scope of normal maintenance or custodial services provided to agencies by the Bureau of Facilities Management.

Central Garage accounts for the Commonwealth's motor vehicle pool.

Office of Graphic Communications accounts for the Commonwealth's graphic design division.

Risk Management accounts for the insurance programs provided to State agencies and institutions.

Analysis

Fiscal year 1990 was the first full year of activity in the Health Care Fund. This fund accounts for $341 million of Charges for Sales and Services, and $352 million of Insurance Claims Expense.

Combining Balance Sheet
Internal Service Funds

June 30, 1990
(Dollars in Thousands)

	Information Technology	Industrial Enterprises	Health Care
Assets			
Cash, Cash Equivalents, and Investments	$ 3,204	$ 6,961	$ 55,596
Petty Cash and Travel Advances	26	5	—
Taxes, Loans, Accounts, and Other Receivables (Net)	9,968	4,206	2,347
Due from Other Funds	—	—	2,654
Inventory	—	6,067	—
Prepaid Expenses	190	—	—
Property, Plant, and Equipment (Net)	6,306	2,382	—
Total Assets	$ 19,694	$ 19,621	$ 60,597
Liabilities and Equity			
Liabilities:			
Accounts Payable	$ 6,118	$ 1,528	$ —
Claims Payable	—	—	49,725
Notes Payable	3,072	—	—
Other Liabilities	1	—	—
Loans Payable	—	—	—
Deferred Revenue	16	—	—
Accrued Liability for Compensated Absences	1,642	458	—
Total Liabilities	10,849	1,986	49,725
Equity:			
Contributed Capital	—	5,676	—
Retained Earnings	8,845	11,959	10,872
Total Equity	8,845	17,635	10,872
Total Liabilities and Equity	$ 19,694	$ 19,621	$ 60,597

Central Garage	State Surplus Property	Federal Surplus Property	Maintenance and Repair	Central Warehouse	Graphic Communications	Risk Management	Totals June 30, 1990	Totals June 30, 1989
$ 1,038	$ 112	$ 259	$ 147	$ 93	$ 35	$ 74,684	**$ 142,129**	$ 118,208
—	1	1	—	—	—	75	**108**	107
1,298	21	36	454	2,204	47	8	**20,589**	12,858
—	—	—	—	—	—	—	**2,654**	—
—	—	—	—	3,645	—	—	**9,712**	9,391
—	—	—	—	—	—	5,104	**5,294**	4,704
11,698	72	539	—	807	5	45	**21,854**	23,206
$ 14,034	$ 206	$ 835	$ 601	$ 6,749	$ 87	$ 79,916	**$ 202,340**	$ 168,474
$ 738	$ 8	$ 10	$ 141	$ 244	$ 6	$ 2,593	**$ 11,386**	$ 8,414
—	—	—	—	—	—	64,782	**114,507**	71,468
—	—	—	—	—	—	—	**3,072**	1,732
—	—	1	241	3	—	3	**249**	293
—	—	—	—	800	30	6,667	**7,497**	15,058
—	—	—	—	—	—	5,839	**5,855**	1,815
54	28	43	—	89	14	32	**2,360**	2,254
792	36	54	382	1,136	50	79,916	**144,926**	101,034
—	—	—	—	—	—	—	**5,676**	5,676
13,242	170	781	219	5,613	37	—	**51,738**	61,764
13,242	170	781	219	5,613	37	—	**57,414**	67,440
$ 14,034	$ 206	$ 835	$ 601	$ 6,749	$ 87	$ 79,916	**$ 202,340**	$ 168,474

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings Internal Service Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Information Technology	Industrial Enterprises	Health Care	Central Garage
Operating Revenues:				
Charges for Sales and Services	$ 69,477	$ 26,426	$ 341,916	$ 8,907
Other	—	—	4,600	—
Total Operating Revenues	69,477	26,426	346,516	8,907
Operating Expenses:				
Cost of Sales and Services	—	19,832	—	—
Insurance Claims	—	—	352,536	—
Personal Services	20,681	2,803	—	736
Contractual Services	37,143	1,441	6,550	2,068
Supplies and Materials	816	249	—	1,647
Grants and Distributions to Localities	—	—	—	—
Expendable Equipment	138	38	—	33
Depreciation	4,022	1,689	—	3,131
Rent, Insurance, and Other Related Charges	4,000	428	—	571
Other	14	3	—	9
Total Operating Expenses	66,814	26,483	359,086	8,195
Operating Income (Loss)	2,663	(57)	(12,570)	712
Nonoperating Revenues (Expenses):				
Interest, Dividends, and Rents	—	—	—	—
Gain (Loss) on Sale of Fixed Assets	(21)	(1,353)	—	(227)
Other	(141)	23	—	—
Total Nonoperating Revenues (Expenses)	(162)	(1,330)	—	(227)
Income (Loss) Before Transfers	2,501	(1,387)	(12,570)	485
Transfers:				
Operating Transfers In	—	—	—	—
Operating Transfers Out	—	(385)	—	—
Appropriations Act	(17)	(4)	—	(500)
Total Transfers	(17)	(389)	—	(500)
Net Income (Loss)	2,484	(1,776)	(12,570)	(15)
Retained Earnings, July 1	6,361	13,735	23,442	13,257
Retained Earnings, June 30	$ 8,845	$ 11,959	$ 10,872	$ 13,242

State Surplus Property	Federal Surplus Property	Maintenance and Repair	Central Warehouse	Graphic Communications	Risk Management	Totals June 30, 1990	Totals June 30, 1989
$ 546	$ 599	$ 4,182	$ 35,900	$ 384	$ 54,279	$ 542,616	$ 248,320
1	30	—	26	—	—	4,657	2,781
547	629	4,182	35,926	384	54,279	547,273	251,101
—	—	—	32,113	—	—	51,945	45,791
—	—	—	—	—	69,257	421,793	104,760
254	450	—	934	250	543	26,651	25,121
135	54	2,231	814	94	88	50,618	42,440
31	16	294	29	5	6	3,093	2,956
2	—	—	7	—	3	12	7
11	1	32	5	1	4	263	262
30	26	—	74	2	4	8,978	10,912
113	52	1,319	145	20	54	6,702	7,587
—	6	276	—	—	—	308	324
576	605	4,152	34,121	372	69,959	570,363	240,160
(29)	24	30	1,805	12	(15,680)	(23,090)	10,941
—	—	—	—	—	5,497	5,497	30
—	—	—	—	—	—	(1,601)	(250)
—	11	—	2	—	—	(105)	(299)
—	11	—	2	—	5,497	3,791	(519)
(29)	35	30	1,807	12	(10,183)	(19,299)	10,422
—	—	—	—	—	6,500	6,500	1
—	—	—	—	—	—	(385)	—
—	—	—	(4)	—	3,683	3,158	(500)
—	—	—	(4)	—	10,183	9,273	(499)
(29)	35	30	1,803	12	—	(10,026)	9,923
199	746	189	3,810	25	—	61,764	51,841
$ 170	$ 781	$ 219	$ 5,613	$ 37	$ —	$ 51,738	$ 61,764

Combining Statement of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Information Technology	Industrial Enterprises	Health Care	Central Garage
Cash Flows from Operating Activities:				
Receipts for Sales and Services	$ 66,513	$ 25,196	$ 338,751	$ 8,882
Payments to Suppliers for Goods and Services	(39,308)	(16,257)	(6,550)	(4,687)
Payments for Claims and Loss Control	—	—	(343,611)	—
Payments to Employees	(20,589)	(6,665)	—	(715)
Payments to Insurance Companies, Net of Recoveries	—	—	—	—
Cash Advanced to Third Parties	—	—	—	—
Other Operating Revenue	—	—	2,764	—
Net Cash Provided by (Used for) Operating Activities	6,616	2,274	(8,646)	3,480
Cash Flows from Noncapital Financing Activities:				
Net Transfers (to) from Other Funds	(17)	(389)	—	(500)
Advances from the Commonwealth, Net of Repayments	(1,150)	—	—	—
Other Nonoperating Revenue	—	23	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	(1,167)	(366)	—	(500)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(6,565)	(1,071)	—	(2,961)
Payment of Principal and Interest on Bonds and Notes	(2,217)	—	—	—
Proceeds from Sale of Bonds and Notes	3,415	—	—	—
Proceeds from Sale of Fixed Assets	835	—	—	277
Net Cash Used for Capital and Related Financing Activities	(4,532)	(1,071)	—	(2,684)
Cash Flows from Investing Activities:				
Interest on Investments	—	—	—	—
Net Increase (Decrease) in Cash and Cash Equivalents	917	837	(8,646)	296
Cash and Cash Equivalents, July 1	2,313	6,129	64,242	742
Cash and Cash Equivalents, June 30	$ 3,230	$ 6,966	$ 55,596	$ 1,038

State Surplus Property	Federal Surplus Property	Maintenance and Repair	Central Warehouse	Graphic Communications	Risk Management	Total June 30, 1990
$ 572	$ 607	$ 3,797	$ 35,231	$ 373	$ 58,342	$ 538,264
(293)	(121)	(4,043)	(34,210)	(120)	(157)	(105,746)
—	—	—	—	—	(25,316)	(368,927)
(250)	(446)	—	(929)	(249)	(547)	(30,390)
—	—	—	—	—	(10,407)	(10,407)
—	—	—	—	—	(550)	(550)
1	30	—	26	—	—	2,821
30	70	(246)	118	4	21,365	25,065
—	—	—	(4)	—	4,980	4,070
—	—	—	(1,200)	(7)	—	(2,357)
—	—	—	—	—	—	23
—	—	—	(1,204)	(7)	4,980	1,736
(6)	(26)	—	(46)	—	(4)	(10,679)
—	—	—	—	—	—	(2,217)
—	—	—	—	—	—	3,415
—	11	—	2	—	—	1,125
(6)	(15)	—	(44)	—	(4)	(8,356)
—	—	—	—	—	5,477	5,477
24	55	(246)	(1,130)	(3)	31,818	23,922
89	205	393	1,223	38	31,071	106,445
$ 113	$ 260	$ 147	$ 93	$ 35	$ 62,889	$ 130,367

(Continued on Next Page)

Combining Statement of Cash Flows
Internal Service Funds *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Information Technology	Industrial Enterprises	Health Care	Central Garage
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$ 2,663	$ (57)	$ (12,570)	$ 712
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	4,022	2,339	—	3,131
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(2,973)	(1,460)	(2,347)	(32)
(Increase) Decrease in Due From Other Funds	—	—	(2,654)	—
(Increase) Decrease in Inventories	—	683	—	—
(Increase) Decrease Prepaid Expenses	(55)	—	—	—
Increase (Decrease) in Accounts Payable, Deposits, and Other Liabilities	2,859	781	—	(334)
Increase (Decrease) in Claims Payable	—	—	8,925	—
Increase (Decrease) in Deferred Revenue	8	(12)	—	—
Increase (Decrease) in Compensated Absences	92	—	—	3
Net Cash Provided by (Used For) Operating Activities	$ 6,616	$ 2,274	$ (8,646)	$ 3,480
Reconciliation of Cash, Cash Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	$ 3,204	$ 6,961	$ 55,596	$ 1,038
Petty Cash and Travel Advances	26	5	—	—
Less: Investments with Original Maturities Greater than Three Months	—	—	—	—
Cash and Cash Equivalents per the Statement of Cash Flows	$ 3,230	$ 6,966	$ 55,596	$ 1,038

State Surplus Property	Federal Surplus Property	Maintenance and Repair	Central Warehouse	Graphic Communications	Risk Management	Total June 30, 1990
$ (29)	$ 24	$ 30	$ 1,805	$ 12	$ (15,680)	$ **(23,090)**
30	26	—	74	2	4	**9,628**
26	16	(292)	(668)	(11)	19	**(7,722)**
—	—	—	—	—	—	**(2,654)**
—	—	—	(1,003)	—	—	**(320)**
—	—	—	—	—	(535)	**(590)**
(1)	1	16	(96)	1	(598)	**2,629**
—	—	—	—	—	34,114	**43,039**
—	—	—	—	—	4,044	**4,040**
4	3	—	6	—	(3)	**105**
$ 30	$ 70	$ (246)	$ 118	$ 4	$ 21,365	$ **25,065**
$ 112	$ 259	$ 147	$ 93	$ 35	$ 74,684	$ **142,129**
1	1	—	—	—	75	**108**
—	—	—	—	—	11,870	**11,870**
$ 113	$ 260	$ 147	$ 93	$ 35	$ 62,889	$ **130,367**

Trust and Agency Funds

Pension Trust Funds

Pension Trust Funds reflect the activities of the retirement systems administered by the Virginia Supplemental Retirement System (VSRS) for the Commonwealth.

The Virginia Supplemental Retirement System provides retirement benefits to Commonwealth employees and teachers.

The State Police Officers' Retirement System provides retirement benefits to Virginia State police officers.

Judicial Retirement System provides retirement benefits to the Commonwealth's judiciary.

The Pooled Assets Fund accounts for all investment activities of VSRS.

The Administration Fund reflects transactions related to the administration and trust fund management activities of the VSRS.

Nonexpendable Trust Funds

Nonexpendable Trust Funds are those whose principal must be preserved intact.

The Virginia Museum Nonexpendable Trust Fund (Virginia Museum of Fine Arts) supports the expendable trusts at the Virginia Museum by transferring investment income to these trusts.

Expendable Trust Funds

Expendable Trust Funds are those whose principal and income may be expended in the course of their designated operations. The expendable trust funds of the Commonwealth are combined on a functional basis by secretarial area in accordance with Section 2600 of the GASB Codification.

Examples of expendable trust funds are funds used for educational programs at museums, funds held per the Contractor Transaction Recovery Act, and unemployment funds. The Economic Development fund accounts for 63% of the revenue in the Expendable Trust funds. The major source of revenue in the Expendable Trust—Economic Development fund is unemployment compensation payroll taxes. Another large portion of the revenue in Expendable Trust is the group life insurance contributions, which are reported in the Expendable Trust—Administration fund.

Analysis

Pension Trust operating revenues increased 17%, while operating expenses increased 12% over the prior year. The increase in revenue is primarily due to increased interest earned on the Virginia Supplemental Retirement System's index funds, which make up approximately 25% of their investment portfolio. The index funds fared well on the stock market in fiscal year 1990.

Agency Funds

Agency Funds report those funds for which the State acts solely in a custodial capacity. A description of the funds is presented below.

Funds for the Collections of Taxes and Fees account for taxes and fees collected by the Commonwealth to be distributed to localities or other states.

Employee Benefits Fund accounts for undistributed withholdings for employee benefits.

Mined Land Deposits Fund accounts for reimbursable deposits, including both cash and securities, from mining companies to ensure reclamation of mined lands.

Local Government Investment Pool Fund accounts for investments held by the Commonwealth on behalf of local governments.

Inmate and Ward Trust Fund (Department of Corrections) accounts for the savings of inmates.

Child Support Collections Fund accounts for court-ordered child support payments that flow through the Department of Social Services.

Legal Settlement Fund accounts for receipts from court judgments which are deposited and subsequently distributed to the appropriate injured parties.

Deferred Compensation Fund accounts for employee earnings invested by VSRS, pursuant to the Government Employees Deferred Compensation Act.

Deposits of Insurance Carriers Fund accounts for security deposits of insurance carriers as protection to the policy holders of the Commonwealth.

Federal Aviation Fund accounts for federal monies received by the Commonwealth to reimburse localities for the expansion and improvement of airport systems.

Local Port Improvement Fund accounts for funds used to improve the harbors and docks of local ports throughout the Commonwealth.

Combining Balance Sheet
All Trust and Agency Funds

June 30, 1990
(Dollars in Thousands)

	Pension Trust Funds					
	Virginia Supplemental Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Pooled Assets Fund	Administration Fund	Total Pension Trust Funds
Assets						
Cash, Cash Equivalents, and Investments	$ 72	$ —	$ —	$ 9,882,907	$ 1,767	$ 9,884,746
Petty Cash and Travel Advances	—	—	—	—	—	—
Taxes, Loans, Accounts, and Other Receivables (Net)	50,711	20	44	217,955	64	268,794
Due From Other Funds	—	—	—	1,261	—	1,261
Inventory	—	—	—	—	—	—
Other Assets	—	—	—	—	—	—
Property, Plant, and Equipment (Net)	—	—	—	9,177	830	10,007
Equity Distribution From Pooled Assets	9,805,996	126,135	75,435	(10,007,566)	—	—
Total Assets	$ 9,856,779	$ 126,155	$ 75,479	$ 103,734	$ 2,661	$ 10,164,808
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	$ 35,786	$ 361	$ 657	$ 12,893	$ 378	$ 50,075
Amounts Due to Other Governments	—	—	—	—	—	—
Deposits Pending Distribution	—	—	—	—	—	—
Other Liabilities	18	31	1	90,841	635	91,526
Due to Other Funds	—	—	—	—	—	—
Deferred Revenue	—	—	—	—	—	—
Due to Program Participants, Escrows, and Providers	—	—	—	—	—	—
Accrued Liability for Compensated Absences	—	—	—	—	399	399
Total Liabilities	35,804	392	658	103,734	1,412	142,000
Fund Equity:						
Fund Balance:						
Member Reserve for Pension Benefits	1,681,665	27,316	10,675	—	—	1,719,656
Employer Reserve for Pension Benefits	8,139,310	98,447	64,146	—	—	8,301,903
Reserved Gifts, Grants, and Contracts	—	—	—	—	—	—
Unreserved	—	—	—	—	1,249	1,249
Total Fund Equity	9,820,975	125,763	74,821	—	1,249	10,022,808
Total Liabilities and Fund Equity	$ 9,856,779	$ 126,155	$ 75,479	$ 103,734	$ 2,661	$ 10,164,808

Nonexpendable Trust Fund	Expendable Trust Funds							Agency Funds	Totals	
Virginia Museum of Fine Arts	Administration Fund	Economic Development Fund	Education Fund	Human Resources Fund	Natural Resources Fund	Transportation and Public Safety Fund	Total Expendable Trust Funds		June 30, 1990	June 30, 1989
$ 2,452	$ 464,206	$ 741,520	$ 2,474	$ 5,541	$ 39,134	$ 916	$ 1,253,791	$ 580,708	**$11,721,697**	$10,353,319
—	12	—	5	—	—	—	17	—	**17**	27
—	12,691	35,447	464	26	225	157	49,010	45,056	**362,860**	215,282
—	—	—	—	—	—	—	—	8,297	**9,558**	7,787
—	—	—	—	—	—	722	722	—	**722**	611
—	—	—	—	—	—	—	—	—	**—**	54,332
—	—	—	—	—	—	—	—	—	**10,007**	5,484
—	—	—	—	—	—	—	—	—	**—**	—
$ 2,452	$ 476,909	$ 776,967	$ 2,943	$ 5,567	$ 39,359	$ 1,795	$ 1,303,540	$ 634,061	**$12,104,861**	$10,636,842
$ —	$ 11,086	$ 12,465	$ 31	$ 1,982	$ 1,264	$ 439	$ 27,267	$ 85,588	**$ 162,930**	$ 141,381
—	—	—	—	—	—	—	—	341,781	**341,781**	259,024
—	933	240	—	—	3	17	1,193	8,813	**10,006**	12,353
—	202	369	—	—	—	22	593	1,995	**94,114**	69,032
—	2,654	—	—	—	—	—	2,654	6,905	**9,559**	120,457
—	—	1,454	—	—	12	—	1,466	—	**1,466**	2,148
—	2,526	—	—	—	—	—	2,526	188,979	**191,505**	175,161
—	—	28	—	—	—	—	28	—	**427**	357
—	17,401	14,556	31	1,982	1,279	478	35,727	634,061	**811,788**	779,913
—	—	—	—	—	—	—	—	—	**1,719,656**	1,593,568
—	—	—	—	—	—	—	—	—	**8,301,903**	7,114,157
2,452	—	—	—	—	—	—	—	—	**2,452**	2,240
—	459,508	762,411	2,912	3,585	38,080	1,317	1,267,813	—	**1,269,062**	1,146,964
2,452	459,508	762,411	2,912	3,585	38,080	1,317	1,267,813	—	**11,293,073**	9,856,929
$ 2,452	$ 476,909	$ 776,967	$ 2,943	$ 5,567	$ 39,359	$ 1,795	$ 1,303,540	$ 634,061	**$12,104,861**	$10,636,842

Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Pension Trust and Nonexpendable Trust Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Pension Trust Funds				
	Virginia Supplemental Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Pooled Assets Fund	Administration Fund
Operating Revenues:					
Interest, Dividends, and Rents	$ —	$ —	$ —	$ 732,634	$ —
Contributions	855,226	8,797	9,936	—	—
Net Gain (Loss) on Sale of Investments	—	—	—	138,225	—
Other	57	—	—	—	—
Total Operating Revenues	855,283	8,797	9,936	870,859	—
Operating Expenses:					
Retirement Benefits	378,526	4,253	7,334	—	—
Refunds to Former Members	31,549	121	—	—	—
Personal Services	—	—	—	—	5,199
Contractual Services	—	—	—	—	3,015
Supplies and Materials	—	—	—	—	136
Expendable Equipment	—	—	—	—	64
Depreciation	—	—	—	—	181
Rent, Insurance, and Other Related Charges	—	—	—	—	868
Other	—	—	—	—	50
Total Operating Expenses	410,075	4,374	7,334	—	9,513
Operating Income (Loss)	445,208	4,423	2,602	870,859	(9,513)
Nonoperating Revenue (Expenses):					
Interest, Dividends, and Rents	9	—	—	—	—
Income (Loss) Before Transfers	445,217	4,423	2,602	870,859	(9,513)
Transfers:					
Operating Transfers In	853,206	11,068	6,618	—	9,267
Operating Transfers Out	(9,079)	(118)	(103)	(870,859)	—
Total Transfers	844,127	10,950	6,515	(870,859)	9,267
Net Income (Loss)	1,289,344	15,373	9,117	—	(246)
Fund Balance, July 1	8,531,631	110,390	65,704	—	1,495
Fund Balance, June 30	$ 9,820,975	$ 125,763	$ 74,821	$ —	$ 1,249

Total Pension Trust Funds	Nonexpendable Trust Fund: Virginia Museum of Fine Arts	Totals: Year Ended June 30, 1990	Totals: Year Ended June 30 1989
$ 732,634	$ —	$ 732,634	$ 581,519
873,959	10	873,969	795,599
138,225	196	138,421	119,809
57	—	57	268
1,744,875	206	1,745,081	1,497,195
390,113	—	390,113	348,162
31,670	—	31,670	28,128
5,199	—	5,199	4,451
3,015	—	3,015	3,288
136	—	136	100
64	—	64	27
181	—	181	166
868	—	868	826
50	—	50	2
431,296	—	431,296	385,150
1,313,579	206	1,313,785	1,112,045
9	—	9	3
1,313,588	206	1,313,794	1,112,048
880,159	6	880,165	710,115
(880,159)	—	(880,159)	(710,110)
—	6	6	5
1,313,588	212	1,313,800	1,112,053
8,709,220	2,240	8,711,460	7,599,407
$ 10,022,808	$ 2,452	$ 10,025,260	$ 8,711,460

Combining Statement of Cash Flows
Nonexpendable Trust Fund

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Nonexpendable Trust Fund
	Virginia Museum of Fine Arts
Cash Flows from Operating Activities:	
Contributions Received	$ 10
Cash Flows fron Noncapital Financing Activities:	
Net Transfers (to) from Other Funds	6
Cash Flows from Investing Activities:	
Purchase of Investments	(856)
Proceeds from Sales or Maturities of Investments	726
Gain on Sale of Investments	196
Net Cash Provided by Investing Activities	66
Net Increase in Cash and Cash Equivalents	82
Cash and Cash Equivalents, July 1	91
Cash and Cash Equivalents, June 30	$ 173
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$ 206
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Gain on Sale of Investments	(196)
Net Cash Provided By Operating Activities	$ 10
Reconciliation of Cash, Cash Equivalents, and Investments:	
Per the Balance Sheet:	
Cash, Cash Equivalents, and Investments	$ 2,452
Less: Investments with Original Maturities Greater than Three Months	2,279
Cash and Cash Equivalents per the Statement of Cash Flows	$ 173

The number of Virginians with disabilities exceeds 350,000.

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Expendable Trust Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Administration Fund	Economic Development Fund	Education Fund	Human Resources Fund
Revenues:				
Taxes	$ —	$ 178,414	$ —	$ —
Assessments and Receipts for Support of Special Services	2	397	—	—
Institutional Revenue	388	—	—	1,298
Interest, Dividends, and Rents	38,665	63,453	2,450	186
Fines, Forfeitures, Court Fees, Penalties, and Escheats	—	—	—	—
Federal Grants and Contracts	—	—	—	—
Private Donations, Gifts, and Contracts	2	3	70	39
Contributions	67,144	—	—	—
Other	15,510	9,349	—	—
Total Revenues	121,711	251,616	2,520	1,523
Expenditures:				
Current:				
General Government	49,238	784	—	68
Education	21	—	1,898	—
Resources and Economic Development	4,053	3	—	—
Individual and Family Services	—	174,748	—	1,283
Administration of Justice	3	—	—	—
Capital Projects	513	—	—	—
Total Expenditures	53,828	175,535	1,898	1,351
Revenues Over (Under) Expenditures	67,883	76,081	622	172
Other Financing Sources (Uses):				
Transfers:				
Operating Transfers In	10,474	—	—	—
Operating Transfers Out	(17,604)	—	(6)	—
Appropriations Act	(194)	—	—	—
Total Other Financing Sources (Uses)	(7,324)	—	(6)	—
Revenues and Other Sources Over (Under) Expenditures and Other Uses	60,559	76,081	616	172
Fund Balance, July 1	398,949	686,330	2,296	3,413
Fund Balance, June 30	$ 459,508	$ 762,411	$ 2,912	$ 3,585

Natural Resources Fund	Transportation and Public Safety Fund	Totals Year Ended June 30, 1990	Totals Year Ended June 30, 1989
$ 5,784	$ —	$ 184,198	$ 139,569
—	—	399	1,960
—	8,312	9,998	10,320
3,931	44	108,729	98,909
—	—	—	1,668
6,088	—	6,088	3,386
—	—	114	140
—	—	67,144	61,526
8	124	24,991	11,857
15,811	8,480	401,661	329,335
498	—	50,588	49,343
—	—	1,919	1,382
4,139	—	8,195	7,279
15,887	—	191,918	184,326
—	8,457	8,460	7,642
—	—	513	1,034
20,524	8,457	261,593	251,006
(4,713)	23	140,068	78,329
29,307	—	39,781	150,334
(35,780)	—	(53,390)	(157,624)
(3,921)	—	(4,115)	(15,200)
(10,394)	—	(17,724)	(22,490)
(15,107)	23	122,344	55,839
53,187	1,294	1,145,469	1,089,630
$ 38,080	$ 1,317	$ 1,267,813	$ 1,145,469

Combining Statement of Changes in Assets and Liabilities
All Agency Funds

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

	Reclassified Balance July 1, 1989	Additions	Deletions	Balance June 30, 1990
Funds for the Collection of Taxes and Fees				
Assets:				
Cash, Cash Equivalents, and Investments	$ 51,365	$ 512,856	$ 512,886	$ 51,335
Taxes, Loans, Accounts, and Other Receivables (Net)	40,922	42,497	40,921	42,498
Total Assets	$ 92,287	$ 555,353	$ 553,807	$ 93,833
Liabilities:				
Amounts Due to Other Governments	$ 90,132	$ 547,764	$ 544,317	$ 93,579
Other Liabilities	2,155	7,589	9,490	254
Total Liabilities	$ 92,287	$ 555,353	$ 553,807	$ 93,833
Legal Settlement Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 330	$ 96	$ 107	$ 319
Taxes, Loans, Accounts and Other Receivables (Net)	987	754	987	754
Total Assets	$ 1,317	$ 850	$ 1,094	$ 1,073
Liabilities:				
Deposits Pending Distribution	$ 1,317	$ 850	$ 1,094	$ 1,073
Total Liabilities	$ 1,317	$ 850	$ 1,094	$ 1,073
Employee Benefits Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 14,481	$ 239,792	$ 251,851	$ 2,422
Taxes, Loans, Accounts and Other Receivables (Net)	2,191	—	2,184	7
Total Assets	$ 16,672	$ 239,792	$ 254,035	$ 2,429
Liabilities:				
Accounts Payable	$ 16,672	$ 239,792	$ 254,035	$ 2,429
Total Liabilities	$ 16,672	$ 239,792	$ 254,035	$ 2,429
Deferred Compensation Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 68,264	$ 19,382	$ 4,707	$ 82,939
Total Assets	$ 68,264	$ 19,382	$ 4,707	$ 82,939
Liabilities:				
Accounts Payable	$ 68,264	$ 19,382	$ 4,707	$ 82,939
Total Liabilities	$ 68,264	$ 19,382	$ 4,707	$ 82,939
Mined Land Deposits Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 8,174	$ 226	$ 896	$ 7,504
Total Assets	$ 8,174	$ 226	$ 896	$ 7,504
Liabilities:				
Deposits Pending Distribution	$ 8,174	$ 226	$ 896	$ 7,504
Total Liabilities	$ 8,174	$ 226	$ 896	$ 7,504
Deposits of Insurance Carriers Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 168,491	$ 49,936	$ 37,253	$ 181,174
Total Assets	$ 168,491	$ 49,936	$ 37,253	$ 181,174
Liabilities:				
Due to Program Participants, Escrows, and Providers	$ 168,491	$ 49,936	$ 37,253	$ 181,174
Total Liabilities	$ 168,491	$ 49,936	$ 37,253	$ 181,174
Local Government Investment Pool Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 168,240	$ 684,659	$ 605,841	$ 247,058
Taxes, Loans, Accounts, and Other Receivables (Net)	626	1,097	626	1,097
Total Assets	$ 168,866	$ 685,756	$ 606,467	$ 248,155
Liabilities:				
Amounts Due to Other Governments	$ 168,866	$ 685,756	$ 606,467	$ 248,155
Total Liabilities	$ 168,866	$ 685,756	$ 606,467	$ 248,155

	Reclassified Balance July 1, 1989	Additions	Deletions	Balance June 30, 1990
Inmate/Ward Trust Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 1,365	$ 3	$ 60	$ 1,308
Taxes, Loans, Accounts and Other Receivables (Net)	478	654	479	653
Total Assets	$ 1,843	$ 657	$ 539	$ 1,961
Liabilities:				
Accounts Payable	$ 193	$ 220	$ 193	$ 220
Other Liabilities	1,650	91	—	1,741
Total Liabilities	$ 1,843	$ 311	$ 193	$ 1,961
Federal Aviation Fund				
Assets:				
Taxes, Loans, Accounts and Other Receivables (Net)	$ 26	$ 21	$ —	$ 47
Total Assets	$ 26	$ 21	$ —	$ 47
Liabilities:				
Amounts Due to Other Governments	$ 26	$ 21	$ —	$ 47
Total Liabilities	$ 26	$ 21	$ —	$ 47
Child Support Collections Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 6,540	$ 119,749	$ 119,876	$ 6,413
Due from Other Funds	7,787	8,297	7,787	8,297
Total Assets	$ 14,327	$ 128,046	$ 127,663	$ 14,710
Liabilities:				
Due to Other Funds	7,657	6,905	7,657	6,905
Due to Program Participants, Escrows, and Providers	$ 6,670	$ 121,141	$ 120,006	$ 7,805
Total Liabilities	$ 14,327	$ 128,046	$ 127,663	$ 14,710
Local Port Improvement Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 2,677	$ 2,106	$ 4,547	$ 236
Total Assets	$ 2,677	$ 2,106	$ 4,547	$ 236
Liabilities:				
Deposits Pending Distribution	$ 2,677	$ 2,106	$ 4,547	$ 236
Total Liabilities	$ 2,677	$ 2,106	$ 4,547	$ 236
Totals — All Agency Funds				
Assets:				
Cash, Cash Equivalents, and Investments	$ 489,927	$ 1,628,805	$ 1,538,024	$ 580,708
Taxes, Loans, Accounts and Other Receivables (Net)	45,230	45,023	45,197	45,056
Due from Other Funds	7,787	8,297	7,787	8,297
Total Assets	$ 542,944	$ 1,682,125	$ 1,591,008	$ 634,061
Liabilities:				
Accounts Payable	$ 85,129	$ 259,394	$ 258,935	$ 85,588
Amounts Due to Other Governments	259,024	1,233,541	1,150,784	341,781
Deposits Pending Distribution	12,168	3,182	6,537	8,813
Other Liabilities	3,805	7,680	9,490	1,995
Due to Other Funds	7,657	6,905	7,657	6,905
Due to Program Participants, Escrows, and Providers	175,161	171,077	157,259	188,979
Total Liabilities	$ 542,944	$ 1,681,779	$ 1,590,662	$ 634,061

General Fixed Assets Account Group

The General Fixed Assets Account Group accounts for the land, buildings, improvements, and equipment of the governmental funds. Fixed assets of the proprietary fund types and similar trust funds and the Higher Education Fund are accounted for within those funds.

Analysis

General Fixed Assets at June 30, 1990, increased $298 million, or 16%, over the prior fiscal year. This is due, in part, to construction of new prison facilities at Greensville and Buchanan County, as well as acquisitions and construction activity by the Virginia Port Authority.

Schedule of General Fixed Assets by Source

June 30, 1990
(Dollars in Thousands)

General Fixed Assets:

Land	$ 239,676
Buildings	784,729
Equipment	662,798
Improvements Other than Buildings	181,626
Construction in Progress	239,346
Total General Fixed Assets	$ 2,108,175

Investments in General Fixed Assets from:

Capital Lease Obligations	$ 18,864
General Obligation Bonds	144,554
Federal Grants	64,574
General Fund Revenues	1,051,871
Special Revenue Fund Revenues	635,463
Gifts and Donations	43,575
Local Funds	20,131
Other Funds	129,143
Total Investment in General Fixed Assets, at Cost	$ 2,108,175

Schedule of General Fixed Assets by Function

June 30, 1990
(Dollars in Thousands)

Function and Activity	Land	Buildings	Improvements Other than Buildings	Equipment	Total
Education	$ 5,864	$ 55,749	$ —	$ 15,958	$ 77,571
Administration of Justice	27,484	182,509	766	120,673	331,432
Individual and Family Services	19,371	174,098	5,110	73,879	272,458
Resources and Economic Development	60,418	33,086	24,770	62,688	180,962
Transportation	76,957	129,887	132,639	327,860	667,343
General Government	42,250	55,697	216	30,883	129,046
Capital Projects	7,332	153,703	18,125	30,857	210,017
Total General Fixed Assets Allocated to Functions	$ 239,676	$ 784,729	$ 181,626	$ 662,798	1,868,829
Construction in Progress					239,346
Total General Fixed Assets					$ 2,108,175

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 1990
(Dollars in Thousands)

Function and Activity	(Restated) General Fixed Assets July 1, 1989	Acquisitions	Deductions	General Fixed Assets June 30, 1990
Education	$ 81,490	$ 450	$ 4,369	$ 77,571
Administration of Justice	307,992	25,972	2,532	331,432
Individual and Family Services	261,549	12,577	1,668	272,458
Resources and Economic Development	168,352	14,728	2,118	180,962
Transportation	594,153	73,547	357	667,343
General Government	123,599	5,994	547	129,046
Capital Projects	149,615	60,584	182	210,017
Construction in Progress	123,033	179,065	62,752	239,346
Total General Fixed Assets	$ 1,809,783	$ 372,917	$ 74,525	$ 2,108,175

Higher Education Funds

The Higher Education Funds account for the resources received and used in the operation of the Commonwealth's institutions of higher education and medical teaching hospitals.

Four-year State Colleges and Universities
- Christopher Newport College
- Clinch Valley College
- The College of William and Mary
- George Mason University
- James Madison University
- Longwood College
- Mary Washington College
- Norfolk State University
- Old Dominion University
- Radford University
- University of Virginia
- Virginia Commonwealth University
- Virginia Military Institute
- Virginia Polytechnic Institute and State University
- Virginia State University

Two-year Community Colleges
- Blue Ridge
- Central Virginia
- Dabney S. Lancaster
- Danville
- Eastern Shore
- Germanna
- J. Sargeant Reynolds
- John Tyler
- Lord Fairfax
- Mountain Empire
- New River
- Northern Virginia
- Patrick Henry
- Paul D. Camp
- Piedmont Virginia
- Rappahannock
- Southside Virginia
- Southwest Virginia
- Thomas Nelson
- Tidewater
- Virginia Highlands
- Virginia Western
- Wytheville

Medical Teaching Hospitals
- Virginia Commonwealth University—Medical College of Virginia Hospital Division
- University of Virginia Hospital Division

Two-Year College
- Richard Bland College

Virginia Institute of Marine Science

Virginia College Building Authority*

Center for Innovative Technology**

Innovative Technology Authority**

* The Virginia College Building Authority finances certain equipment purchases of State-supported colleges and universities.

** The Innovative Technology Authority and the Center for Innovative Technology facilitate the marketing, organization, and development of scientific research and technology by the State's institutions of higher education and private industry in the Commonwealth.

Analysis

Current Fund revenues and operating transfers in for fiscal year 1990 increased 11% over 1989, while expenditures increased 10% over the same period. These increases are attributable to normal growth.

Combining Balance Sheet
Higher Education Funds

June 30, 1990
(Dollars in Thousands)

	Current Funds	Loan Funds	Endowment and Similar Funds	Plant Funds
Assets				
Cash, Cash Equivalents, and Investments	$ 338,833	$ 6,620	$ 568,821	$ 210,526
Taxes, Loans, Accounts, and Other Receivables (Net)	159,591	63,333	31,357	1,001
Due from Other Funds	21,467	65	145	7,120
Inventory	23,784	—	—	—
Prepaid Expenses	5,186	—	—	—
Other Assets	3,370	—	1,879	7,229
Property, Plant, and Equipment	—	—	—	3,400,845
Total Assets	$ 552,231	$ 70,018	$ 602,202	$ 3,626,721
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 91,641	$ 250	$ —	$ 25,353
Deposits Pending Distribution	18,312	—	—	—
Obligations Under Reverse Repurchase Agreements	14,266	—	17,222	—
Notes Payable	—	—	—	10,504
Other Liabilities	8,103	—	100	6,386
Due to Other Funds	18,812	93	14,634	9,233
Interfund Payables	5,002	—	—	4,554
Deferred Revenue	48,987	—	—	—
Bonds Payable	—	—	3,100	607,667
Capital Lease Obligations	—	—	—	7,912
Accrued Liability for Compensated Absences	78,931	—	—	18
Total Liabilities	284,054	343	35,056	671,627
Fund Equity:				
Unrestricted	179,493	—	—	—
Restricted	88,684	—	—	—
U.S. Government Grants Refundable	—	57,130	—	—
University Funds—Restricted	—	12,545	—	—
Life Income and Annuity	—	—	1,504	—
Endowment	—	—	221,771	—
Quasi-endowment—Unrestricted	—	—	197,673	—
Quasi-endowment—Restricted	—	—	146,198	—
Unexpended	—	—	—	41,458
Renewals and Replacements	—	—	—	9,124
Retirement of Indebtedness	—	—	—	118,184
Net Investment in Plant	—	—	—	2,786,328
Total Fund Equity	268,177	69,675	567,146	2,955,094
Total Liabilities and Fund Equity	$ 552,231	$ 70,018	$ 602,202	$ 3,626,721

Agency Funds	Totals June 30, 1990	June 30, 1989
$ 13,070	$ 1,137,870	$ 1,149,751
—	255,282	226,166
18,116	46,913	46,651
—	23,784	22,302
—	5,186	5,831
464	12,942	11,338
—	3,400,845	3,099,626
$ 31,650	$ 4,882,822	$ 4,561,665
$ —	$ 117,244	$ 106,102
31,403	49,715	47,401
—	31,488	34,874
—	10,504	10,308
239	14,828	10,610
8	42,780	42,124
—	9,556	19,195
—	48,987	51,999
—	610,767	582,010
—	7,912	9,928
—	78,949	71,909
31,650	1,022,730	986,460
—	179,493	159,278
—	88,684	88,111
—	57,130	59,352
—	12,545	6,442
—	1,504	1,652
—	221,771	200,624
—	197,673	157,366
—	146,198	163,502
—	41,458	61,163
—	9,124	9,157
—	118,184	124,985
—	2,786,328	2,543,573
—	3,860,092	3,575,205
$ 31,650	$ 4,882,822	$ 4,561,665

One generation leading another.

STATISTICAL SECTION

The financial presentations included in this section provide comparisons of economic and social characteristics and financial trends over a ten-year period. The statistical data presented are intended to give users of the financial statements, as well as the investment community, a better historical perspective and assessment of the current financial status and trends of the Commonwealth.

*****Statistical schedules related to property taxes are not presented since the Commonwealth does not assess property taxes.

Ten-Year Schedule of Revenues—Budgetary Basis
All Funds by Source[1]

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
Tax Revenues:										
Individual and Fiduciary Income	$ 3,082.2	$ 3,106.9	$ 2,757.9	$ 2,445.8	$ 2,174.3	$ 1,948.2	$ 1,770.7	$ 1,552.1	$ 1,446.1	$ 1,288.8
Sales and Use	1,584.8	1,509.6	1,392.5	1,174.9	1,023.0	930.6	835.5	723.7	670.5	645.2
Motor Fuels	605.8	587.2	496.0	436.1	311.6	331.5	326.9	310.6	314.6	311.4
Corporation Income	310.4	349.9	336.1	318.8	280.8	287.7	242.7	183.2	177.0	182.3
Public Service Corporations	101.6	107.0	152.1	145.5	135.0	138.4	121.5	118.5	105.6	104.1
Payroll—Unemployment Compensation	140.2	138.1	148.2	171.4	213.0	281.3	280.0	199.0	172.9	141.7
Motor Vehicle Sales and Use	256.5	265.0	270.3	212.2	151.9	132.2	116.5	88.0	73.3	67.7
Gross Premiums of Insurance Companies	178.6	190.3	180.5	158.5	131.2	108.6	97.0	87.1	84.4	80.1
Alcoholic Beverage—Sales Tax	57.2	56.9	56.7	57.4	61.8	57.4	55.7	44.8	45.5	42.6
Deeds, Contracts, Wills, and Suits	91.6	101.2	95.4	105.2	76.6	59.8	54.6	37.6	29.0	31.8
Beer and Beverage Excise	39.0	38.6	38.6	37.8	35.8	35.3	34.9	33.7	33.1	32.8
Estate	63.1	44.7	43.2	32.8	19.9	28.1	26.3	17.8	21.4	19.5
Tobacco Products	16.2	16.5	17.0	17.1	17.2	16.9	17.1	17.5	17.8	17.9
Bank Stock	5.2	4.9	4.3	3.8	2.9	2.6	2.4	2.3	2.6	1.8
Wine and Spirits/ABC Liter	5.1	4.9	5.1	4.8	3.2	3.4	3.2	3.8	3.0	3.7
Other Taxes	69.9	71.2	68.9	68.0	108.8	112.3	114.4	111.6	42.1	35.1
Total Tax Revenues	6,607.4	6,592.9	6,062.8	5,390.1	4,747.0	4,474.3	4,099.4	3,531.3	3,238.9	3,006.5
Other Revenues:										
Federal and Other Grants, Donations, and Federal Revenue Sharing	1,899.9	1,800.0	1,779.9	1,676.0	1,680.9	1,421.7	1,336.1	1,240.4	1,244.0	1,443.5
Institutional Revenue	1,577.9	1,409.7	1,291.1	1,165.7	1,048.3	933.8	856.5	734.7	669.7	589.0
Sales of Property and Commodities	507.5	483.4	259.8	346.1	259.8	250.0	250.1	261.5	258.0	247.2
Rights and Privileges	423.1	421.3	463.1	423.0	334.1	306.2	276.1	255.2	201.3	199.4
Interest, Dividends, and Rents	307.7	197.7	167.9	153.3	148.7	131.2	86.2	94.2	117.5	97.0
Fines, Forfeitures, Costs, Penalties, and Escheats	86.4	84.9	75.0	65.8	60.1	55.3	49.8	47.2	37.6	33.7
Assessments—Special Services	37.3	38.9	32.3	27.8	23.0	16.0	14.3	15.3	17.6	12.0
Other Revenues	413.7	365.5	283.6	235.6	188.3	161.6	146.6	123.7	134.5	173.5
Total Other Revenues	5,253.5	4,801.4	4,352.7	4,093.3	3,743.2	3,275.8	3,015.7	2,772.2	2,680.2	2,795.3
Total Revenues	$ 11,860.9	$ 11,394.3	$ 10,415.5	$ 9,483.4	$ 8,490.2	$ 7,750.1	$ 7,115.1	$ 6,303.5	$ 5,919.1	$ 5,801.8
Percentage Increase Over Previous Year	4.10	9.4	9.8	11.7	9.5	8.9	12.9	6.5	2.0	11.3

(1) Includes all Governmental, Proprietary, and Higher Education Funds.
Source: Department of Accounts

Ten-Year Schedule of Expenditures—Budgetary Basis
All Funds by Function and Object[1]

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
Expenditures by Function:										
Education	$ 4,169.0	$ 3,877.5	$ 3,538.9	$3,255.6	$2,961.1	$2,632.6	$2,356.7	$2,170.2	$2,048.9	$1,916.3
Administration of Justice	964.3	857.2	763.3	692.0	626.3	548.5	502.0	480.7	429.7	338.9
Individual and Family Services	3,388.9	3,095.2	2,837.3	2,572.7	2,387.0	2,191.3	2,058.0	2,043.9	1,991.6	1,853.0
Resources and Economic Development	401.6	348.1	290.3	267.4	223.6	199.7	173.6	165.2	156.0	144.5
Transportation	1,913.2	1,824.9	1,715.8	1,494.2	1,330.7	1,064.0	903.0	830.0	732.0	924.1
General Government	416.5	389.7	370.0	349.1	295.5	268.7	232.4	229.9	283.5	289.6
Enterprises	765.1	725.7	607.0	576.1	507.9	485.3	452.9	432.3	306.0	284.5
Capital Projects	279.8	271.0	255.5	198.3	170.0	145.8	170.6	177.7	147.7	157.9
Total Expenditures	$12,298.4	$11,389.3	$10,378.1	$9,405.4	$8,502.1	$7,535.9	$6,849.2	$6,529.9	$6,095.4	$5,908.8
Expenditures by Object:										
Personal Services	$ 3,567.1	$ 3,256.4	$ 2,977.6	$2,738.9	$2,473.0	$2,263.9	$2,033.5	$1,941.4	$1,911.2	$1,727.7
Medical and Other Contractual Services	2,029.9	1,808.0	1,670.8	1,440.2	1,296.7	1,148.4	1,066.0	954.5	1,060.9	930.0
Supplies and Materials	661.3	613.0	575.8	523.4	538.0	522.8	495.0	477.5	527.9	522.6
Grants and Distributions to Localities	4,424.8	4,136.8	3,766.6	3,467.3	3,058.2	2,704.9	2,476.9	2,406.3	1,922.7	1,916.5
Debt Service	133.0	85.9	56.8	62.7	60.8	62.4	37.2	46.4	54.9	51.7
Rent, Insurance, and Other Related Charges	352.0	310.8	287.8	245.3	236.5	196.8	181.6	174.5	325.9	290.4
Recoveries	—	—	—	—	—	—	—	—	(163.8)	(142.5)
Land, Equipment, and Other Fixed Assets	1,150.7	1,200.1	1,061.4	943.7	846.7	651.7	561.8	539.6	448.4	607.8
Other	(20.4)	(21.7)	(18.7)	(16.1)	(7.8)	(15.0)	(2.8)	(10.3)	7.3	4.6
Total Expenditures	$12,298.4	$11,389.3	$10,378.1	$9,405.4	$8,502.1	$7,535.9	$6,849.2	$6,529.9	$6,095.4	$5,908.8
Percentage Increase Over Previous Year	8.0	9.7	10.3	10.6	12.8	10.0	4.9	7.1	3.2	12.3

As of July, 1982, recoveries no longer have their own object code. They are now included in each of the expenditure categories.

[1]Includes all Governmental, Proprietary, and Higher Education Funds.
Source: Department of Accounts

Eight-Year Schedule of Revenues—Budgetary Basis
General Governmental Revenues by Source[1]

(Dollars in Millions)

	Fiscal Year Ended June 30,							
	1990	1989	1988	1987	1986	1985	1984	1983
Tax Revenues:								
Individual and Fiduciary Income	$ 3,082.2	$ 3,106.9	$ 2,757.9	$ 2,445.8	$ 2,174.3	$ 1,948.2	$ 1,770.7	$ 1,552.1
Sales and Use	1,584.8	1,509.6	1,392.5	1,174.9	1,023.0	930.6	835.5	723.7
Motor Fuels	599.4	587.2	496.0	436.1	311.6	331.5	326.9	310.6
Corporation Income	310.4	349.9	336.1	318.8	280.8	287.7	242.7	183.2
Public Service Corporations	101.6	107.0	152.1	145.5	135.0	138.4	121.5	118.5
Motor Vehicle Sales and Use	256.5	265.1	270.3	212.2	151.9	132.2	116.5	88.0
Gross Premiums of Insurance Companies	178.6	190.3	180.5	158.5	131.2	108.6	97.0	87.1
Alcoholic Beverage—Sales Tax	57.2	56.9	56.7	57.4	61.8	57.4	55.7	54.7
Deeds, Contracts, Wills, and Suits	91.6	101.2	95.4	105.3	76.6	59.8	54.6	37.6
Beer and Beverage Excise	39.0	38.6	38.6	37.7	35.8	35.3	34.9	33.7
Estate	63.1	44.7	43.2	32.8	19.9	28.1	26.3	17.8
Tobacco Products	16.2	16.5	17.0	17.1	17.2	16.9	17.1	17.5
Bank Stock	5.2	4.9	4.3	3.8	2.9	2.6	2.4	2.3
Wine and Spirits/ABC Liter	5.1	4.9	5.1	4.8	3.2	3.4	3.2	3.8
Other Taxes	61.9	63.4	62.4	62.0	103.6	107.4	113.7	110.2
Total Tax Revenues	6,452.8	6,447.1	5,908.1	5,212.7	4,528.8	4,188.1	3,818.7	3,340.8
Other Revenues:								
Federal and Other Grants, Donations, and Federal Revenue Sharing	1,642.6	1,573.9	1,569.7	1,451.9	1,432.7	1,249.2	1,177.3	1,083.3
Institutional Revenue	250.8	226.9	231.6	218.5	200.6	180.8	186.0	149.9
Sales of Property and Commodities	7.5	10.7	6.1	91.7	5.6	6.0	5.9	3.6
Rights and Privileges	405.7	404.7	447.6	407.3	315.2	291.8	262.1	241.5
Interest, Dividends, and Rents	130.6	107.7	96.4	86.3	94.5	93.4	74.6	83.4
Fines, Forfeitures, Costs, Penalties, and Escheats	55.1	53.0	48.3	42.5	39.3	36.1	31.7	29.9
Assessments—Special Services	29.8	31.4	25.2	22.1	18.8	12.3	10.6	11.9
Other Revenues	335.1	322.7	269.0	235.1	182.9	159.9	134.0	127.4
Total Other Revenues	2,857.2	2,731.0	2,693.9	2,555.4	2,289.6	2,029.5	1,882.2	1,730.9
Total Revenues	$ 9,310.0	$ 9,178.1	$ 8,602.0	$ 7,768.1	$ 6,818.4	$ 6,217.6	$ 5,700.9	$ 5,071.7

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.
Information not available prior to 1983.
Source: Department of Accounts

Four-Year Schedule of Expenditures—Budgetary Basis
General Governmental Expenditures by Function and Object[1]

(Dollars in Millions)

	Fiscal Year Ended June 30,			
	1990	1989	1988	1987
Expenditures by Function:				
Education	$2,522.7	$2,362.9	$2,162.4	$1,996.6
Administration of Justice	956.7	849.6	756.5	685.8
Individual and Family Services	2,722.1	2,455.4	2,293.5	2,075.1
Resources and Economic Development	394.5	341.0	285.3	265.0
Transportation	1,827.9	1,778.8	1,709.1	1,476.8
General Government	392.7	367.3	348.5	329.9
Enterprises	32.6	29.4	27.7	26.5
Capital Projects	207.2	213.7	211.7	165.3
Total Expenditures	$9,056.4	$8,398.1	$7,794.7	$7,021.0
Expenditures by Object:				
Personal Services	$1,913.6	$1,757.7	$1,636.5	$1,502.9
Medical and Other Contractual Services	1,632.3	1,436.0	1,352.7	1,160.4
Supplies and Materials	252.9	226.7	208.4	177.7
Grants and Distributions to Localities	4,117.2	3,815.9	3,525.6	3,238.8
Debt Service	65.6	36.2	23.7	28.9
Rent, Insurance, and Other Related Charges	195.7	169.6	156.8	129.9
Land, Equipment, and Other Fixed Assets	915.0	990.4	921.3	807.9
Other	(35.9)	(34.4)	(30.3)	(25.5)
Total Expenditures	$9,056.4	$8,398.1	$7,794.7	$7,021.0

(1) Includes General, Special Revenue, Debt Service and Capital Project Funds.
Information not available prior to 1987.
Source: Department of Accounts

Computation of Legal Debt Limit and Margin

June 30, 1990

	Fiscal Year Ended June 30,		
	1990	1989	1988
Tax Revenues Required for Computation			
Taxes on Income and Retail Sales:			
Individual and Fiduciary Income Tax	$3,082,186,778	$3,106,915,599	$2,757,868,704
Corporate Income Tax	310,422,421	349,919,170	336,131,248
State Sales and Use Tax*	1,584,461,179	1,509,565,538	1,392,487,040
Total	$4,977,070,378	$4,966,400,307	$4,486,486,992
Average Tax Revenues for the Three Fiscal Years			$4,809,985,892
Section 9(a)(2) General Obligation Debt Limit**			
Debt Limit (30% of 1.15 times annual tax revenues for fiscal year 1990)			$1,717,089,280
Less Bonds Outstanding***			—
Debt Margin for Section 9(a)(2) General Obligation Bonds			$1,717,089,280
Section 9(b) General Obligation Debt Limit			
Debt Limit (1.15 times average tax revenues for three fiscal years as calculated above)			$5,531,483,776
Less Bonds Outstanding:***			
Public Facilities Bonds			51,445,000
Debt Margin for Section 9(b) General Obligation Bonds			$5,480,038,776
Additional Section 9(b) Debt Borrowing Restriction:			
Four-year authorization restriction (25% of 9(b) Debt Limit)			$1,382,870,944
Less 9(b) Debt authorized in past three fiscal years			—
Total Additional Borrowing Restriction (amount that could be authorized by the General Assembly in the 1991 Session)			$1,382,870,944
Section 9(c) General Obligation Debt Limit			
Debt Limit (1.15 times the average tax revenue for three fiscal years as calculated above)			$5,531,483,776
Less Bonds Outstanding:***			
Higher Educational Institutions Bonds		$ 286,331,407	
Transportation Facilities Bonds		163,655,165	449,986,572
Debt Margin for Section 9(c) General Obligation Bonds			$5,081,497,204

*State Sales and Use Tax has been restated to reflect the one-half percent increase dedicated to fund critical transportation needs.

**This debt limit applies to debt authorized pursuant to Section 9(a)(2) of Article X of the Constitution of Virginia. This Section allows the General Assembly to contract debt to meet casual deficits in revenue or in anticipation of the collection of revenues. Such debt must mature within twelve months from the date incurred.

***Bonds included on this schedule are only those which are backed by the full faith and credit of the Commonwealth.

Source: Department of Accounts

Ratio of General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years
(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	Population	General Obligation Debt[1]	General Long-Term Debt Per Capita
1990	6,230	$ 51,445	$ 8
1989	6,097	58,020	10
1988	6,015	65,750	11
1987	5,914	72,325	12
1986	5,795	78,900	14
1985	5,720	85,475	15
1984	5,636	92,050	16
1983	5,556	104,425	19
1982	5,485	116,800	21
1981	5,431	129,175	24

(1) Includes 9(b) debt only.

Sources: U.S. Department of Commerce, Bureau of the Census
Virginia Employment Commission
Department of Accounts

Ratio of State General Obligation and 100% State Appropriation Supported Bonded Debt Per Capita

Last Six Fiscal Years
(Amounts in Thousands Except Debt Per Capita)

For Fiscal Years Ended June 30	100% State Appropriation Supported Debt							
	Section 9(b) Debt	Section 9(c) Debt[1]	Virginia College Building Authority	Innovative Technology Authority	Virginia Public Building Authority	Total	Population	Debt Per Capita
1990	$51,445	$449,987	$81,035	$13,300	$288,905	$884,672	6,230	$142.00
1989	58,020	416,274	81,035	13,300	290,790	859,419	6,097	140.96
1988	65,750	338,617	87,250	—	121,380	612,997	6,015	101.91
1987	72,325	343,426	90,000	—	122,790	628,541	5,914	106.28
1986	78,900	274,912	—	—	103,450	457,262	5,795	78.91
1985	85,475	241,217	—	—	105,920	432,612	5,720	75.63

(1) This includes Transportation and Higher Education Section 9(c) Revenue Bonds.

Percentage of Annual Debt Service Expenditures for Governmental Debt to Total Expenditures All Governmental Fund Types

Last Ten Fiscal Years
(Dollars in Thousands)

For the Fiscal Year Ended June 30,	Debt Service[1]	Total Expenditures[2]	Percentage
1990	$99,258	$9,121,271	1.08%
1989	69,075	8,211,792	.84
1988	41,636	7,529,203	.55
1987	59,344	6,793,003	.87
1986	60,976	6,309,165	.97
1985	93,539	5,625,002	1.66
1984	54,933	5,067,793	1.08
1983	65,647	4,646,094	1.41
1982	36,689	4,260,424	.86
1981	25,441	4,263,600	.60

(1) Includes principal and interest payments related to general bonded long-term debt. Includes debt that does and does not bear the pledge of the full faith and credit of the Commonwealth. The principal outstanding at June 30, 1990 was $996,198,737.
(2) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

Source: Department of Accounts

Schedule of Revenue Bond Coverage[1]
General Long-Term Debt

Last Ten Fiscal Years
(Dollars in Thousands Except Coverage)

For the Fiscal Year Ended June 30,	Total Receipts[2]	Authorized Payments	Net Available for Debt Service	Debt Service Requirements	Coverage[3]
1990	$27,253	$ 6,018	$21,235	$13,041	1.63
1989	21,563	5,198	16,365	9,974	1.64
1988	20,584	7,481	13,103	9,830	1.33
1987	19,704	2,793	16,911	8,878	1.90
1986	23,533	8,900	14,633	5,183	2.82
1985	25,099	12,962	12,137	5,183	2.34
1984	24,067	13,066	11,001	7,416	1.48
1983	22,116	10,647	11,469	4,824	2.38
1982	22,311	9,878	12,433	11,094	1.12
1981	21,325	7,667	13,658	10,413	1.31

(1) Coverage relates to 9(c) Transportation Bonds which are backed by the full faith, credit, and taxing power of the Commonwealth. The outstanding principal of this debt at June 30, 1990 was $163,655,165 and the outstanding interest was $112,947,754.
(2) Total receipts are toll revenues and investment income. Authorized payments are expenditures for maintenance and administration of toll highways. The Net Available for Debt Service is Total Receipts minus Authorized Payments.
(3) Ideally, the coverage number would be 1.0 or higher. The weighted average for the years 1981 to 1990 is 1.67%.

Sources: Department of the Treasury
Department of Transportation

Schedule of Revenue Bond Coverage
Public Benefit Corporations[1]

Last Four Fiscal Years[2]
(Dollars in Thousands)

For the Fiscal Year Ended June 30,	Gross Revenues	Debt Service Requirements[3]	Coverage
1990	$440,791	$207,660	2.12
1989	417,350	153,425	2.72
1988	371,174	142,797	2.60
1987	334,728	130,533	2.56

(1) Includes VHDA, VELA, VRA, VPSA only.
(2) Information is not available prior to 1987.
(3) Principal requirement only; interest expense on bonds is included in operating expenses.

Source: Department of Accounts

Schedule of Revenue Bond Coverage[1]
Higher Education Long-Term Debt

Last Six Fiscal Years
(Dollars in Thousands)

For the Fiscal Year Ended June 30,	Unrestricted Current Funds Beginning Balance[2]	Unrestricted Current Funds Operating Revenues	Unrestricted Current Funds Expenditures and Transfers	Net Available for Debt Service	Debt Service Requirements	Coverage
1990	$159,278	$1,379,513	$1,359,298	$179,493	$29,733	6.04
1989	160,560	1,205,264	1,206,546	159,278	25,511	6.24
1988	135,340	1,081,038	1,055,818	160,560	24,484	6.56
1987	108,004	994,324	966,988	135,340	24,662	5.49
1986	84,726	952,462	929,184	108,004	20,368	5.30
1985	83,090	891,392	895,036	79,446	18,200	4.37

(1) Coverage relates to Higher Education 9(c) Revenue Bonds which are backed by the full faith, credit, and taxing power of the Commonwealth. The outstanding principal at June 30, 1990 was $286,331,407 and the outstanding interest was $158,337,993.
(2) This balance is taken from the Statement of Changes in Fund Balance of the Higher Education Fund. The 1986 beginning fund balance reflects restatement of the 1985 ending fund balance.

Sources: Department of Accounts
Department of the Treasury

Schedule of Bank Deposits

Last Ten Years
(Dollars in Millions)

As of December 31,	Bank Deposits[1]
1989	$50,074
1988	47,034
1987	43,751
1986	37,577
1985	34,757
1984	30,223
1983	27,100
1982	24,344
1981	21,704
1980	19,540

(1) Includes only amounts deposited in insured commercial banks by corporations, governments, and individuals.
Source: Federal Deposit Insurance Corporation

Schedule of Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (In Thousands)	Per Capita Income	Public Primary and Secondary School Enrollment	Unemployment Rate
1990	6,230	$19,450	985,031	3.9%
1989	6,097	18,320	982,081	3.9
1988	6,015	17,090	979,209	3.9
1987	5,914	15,900	974,754	4.8
1986	5,795	14,900	968,104	5.5
1985	5,720	14,040	965,222	5.2
1984	5,636	12,980	966,110	5.1
1983	5,556	12,000	975,727	7.3
1982	5,485	11,300	989,548	6.9
1981	5,431	10,370	1,010,371	5.7

Sources: U.S. Department of Commerce, Bureau of the Census
Department of Taxation
Department of Education
Virginia Employment Commission
Department of Planning and Budget
Center for Public Service, University of Virginia

Schedule of Miscellaneous Statistics

June 30, 1990

Adoption of Virginia Constitution	1776
Form of Government	Legislative, Executive, Judicial
Land Area (square miles)	40,767
Miles of State Highways	63,840
State Police Protection:	
Number of Stations	69
Number of State Police	1,722
Higher Education (Universities, Colleges, and Community Colleges):	
Number of Separate Institutions	39
Number of Educators	9,093
Number of Students	287,624
Recreation:	
Number of State Parks	36
Area of State Parks (acres)	53,747
Area of State Forests (acres)	51,115
Classified State Employees	96,182

Sources: Virginia State Library
Department of Transportation
Department of State Police
State Council of Higher Education
Virginia Department of Conservation and Recreation, Division of Parks and Recreation
Department of Forestry
Department of Personnel and Training

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